

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 fiscal quarter ended August 2, 1997.

FEDERATED DEPARTMENT STORES, INC.
151 West 34th Street
New York, New York 10001
(212) 695-4400
and
7 West Seventh St.
Cincinnati, Ohio 45202
(513) 579-7000

Delaware 1-13536 13-3324058
(State of Incorporation) (Commission File No.) (I.R.S. Employer
Identification Number)

The Registrant has filed all reports required to be filed by Section
12, 13 or 15 (d) of the Act during the preceding 12 months and has
been subject to such filing requirements for the past 90 days.

209,546,590 shares of the Registrant's Common Stock, \$.01 par value,
were outstanding as of August 30, 1997.

<TABLE>

PART I -- FINANCIAL INFORMATION

FEDERATED DEPARTMENT STORES, INC.

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(THOUSAND, EXCEPT PER SHARE FIGURES)

<CAPTION>

	13 Weeks Ended		26 Weeks Ended	
	August 2, 1997	August 3, 1996	August 2, 1997	August 3, 1996
<S>	<C>	<C>	<C>	<C>
Net Sales	\$3,452,829	\$3,284,228	\$6,861,920	\$6,584,893
Cost of sales:				
Recurring	2,098,671	1,995,573	4,185,536	4,010,221
Inventory valuation adjustments related				

to consolidation	-	29,093	-	65,681
Total cost of sales	2,098,671	2,024,666	4,185,536	4,075,902
Selling, general and administrative expenses:				
Recurring	1,142,298	1,113,984	2,316,464	2,267,049
Business integration and consolidation expenses	-	69,824	-	110,924
Total selling, general and administrative expenses	1,142,298	1,183,808	2,316,464	2,377,973
Operating Income	211,860	75,754	359,920	131,018
Interest expense	(106,358)	(126,996)	(221,083)	(250,341)
Interest income	7,095	11,382	17,443	22,446
Income (Loss) Before Income Taxes and Extraordinary Item	112,597	(39,860)	156,280	(96,877)
Federal, state and local income tax (expense) benefit	(46,227)	12,667	(65,851)	31,738
Income (Loss) Before Extraordinary Item	66,370	(27,193)	90,429	(65,139)
Extraordinary Item - loss on early extinguishment of debt, net of tax effect of \$24,960	(38,673)	-	(38,673)	-
Net Income (Loss)	\$ 27,697	\$ (27,193)	\$ 51,756	\$ (65,139)

(Continued)

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PART I -- FINANCIAL INFORMATION

FEDERATED DEPARTMENT STORES, INC.

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(THOUSANDS, EXCEPT PER SHARE FIGURES)

<CAPTION>

	13 Weeks Ended		26 Weeks Ended	
	August 2, 1997	August 3, 1996	August 2, 1997	August 3, 1996
<S>	<C>	<C>	<C>	<C>

Earnings (Loss) per Share:

Income (loss) before extraordinary item	\$.31	\$ (.13)	\$.42	\$ (.31)
Extraordinary item	(.18)	-	(.18)	-
Net Income (Loss)	\$.13	\$ (.13)	\$.24	\$ (.31)

Fully Diluted Earnings
(Loss) per Share:

Income (loss) before extraordinary item	\$.30	\$ (.13)	\$.42	\$ (.31)
Extraordinary item	(.17)	-	(.18)	-

Net Income (Loss) \$.13 \$ (.13) \$.24 \$ (.31)

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

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<TABLE>

FEDERATED DEPARTMENT STORES, INC.

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(THOUSANDS)

<CAPTION>

	August 2, 1997	February 1, 1997	August 3, 1996
<S>	<C>	<C>	<C>
ASSETS:			
Current Assets:			
Cash	\$ 317,352	\$ 148,794	\$ 134,133
Accounts receivable	2,498,148	2,834,321	2,768,417
Merchandise inventories	3,371,584	3,245,996	3,234,271
Supplies and prepaid expenses	128,981	109,678	176,729
Deferred income tax assets	105,989	88,513	115,541
Total Current Assets	6,422,054	6,427,302	6,429,091
Property and Equipment - net	6,371,055	6,524,757	6,270,870
Intangible Assets - net	703,761	717,404	731,047
Notes Receivable	3,976	204,400	204,035
Other Assets	373,286	390,280	397,326
Total Assets	\$13,874,132	\$14,264,143	\$14,032,369

LIABILITIES AND SHAREHOLDERS' EQUITY:

Current Liabilities:			
Short-term debt	\$ 1,504,528	\$ 1,094,557	\$ 375,363
Accounts payable and accrued liabilities	2,482,362	2,492,195	2,386,569
Income taxes	4,370	8,947	3,211
Total Current Liabilities	3,991,260	3,595,699	2,765,143
Long-Term Debt	3,732,269	4,605,916	5,644,524
Deferred Income Taxes	835,725	830,943	730,725
Other Liabilities	559,001	562,431	561,847
Shareholders' Equity	4,755,877	4,669,154	4,330,130
Total Liabilities and Shareholders' Equity	\$13,874,132	\$14,264,143	\$14,032,369

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

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FEDERATED DEPARTMENT STORES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(THOUSANDS)

<CAPTION>

	26 Weeks Ended August 2, 1997	26 Weeks Ended August 3, 1996
<S>	<C>	<C>
Cash flows from operating activities:		
Net income (loss)	\$ 51,756	\$ (65,139)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	276,875	251,657
Amortization of intangible assets	13,643	13,642
Amortization of financing costs	12,580	14,384
Amortization of unearned restricted stock	560	1,334
Loss on early extinguishment of debt	38,673	-
Changes in assets and liabilities:		
Decrease in accounts receivable	336,599	273,457
Increase in merchandise inventories	(125,588)	(139,423)
Increase in supplies and prepaid expenses	(19,303)	(318)
(Increase) decrease in other assets not separately identified	(5,150)	22,517
(Decrease) increase in accounts payable and accrued liabilities not separately identified	(20,997)	49,213
Increase (decrease) in current income taxes	3,459	(3,200)
Increase (decrease) in deferred income taxes	4,230	(43,241)
(Decrease) increase in other liabilities not separately identified	(3,431)	3,420
Net cash provided by operating activities	563,906	378,303
Cash flows from investing activities:		
Purchase of property and equipment	(218,659)	(264,402)
Disposition of property and equipment	89,343	105,053
Decrease in notes receivable	199,997	-
Net cash provided (used) by investing activities	70,681	(159,349)
Cash flows from financing activities:		
Debt issued	849,998	688,665
Financing costs	(5,512)	(11,016)
Debt repaid	(1,356,087)	(1,034,350)
Increase (decrease) in outstanding checks	11,165	(21,187)
Acquisition of treasury stock	(1,734)	(598)
Issuance of common stock	36,141	121,147
Net cash used by financing activities	(466,029)	(257,339)

(Continued)

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FEDERATED DEPARTMENT STORES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(THOUSANDS)

<CAPTION>

	26 Weeks Ended August 2, 1997	26 Weeks Ended August 3, 1996
<S>	<C>	<C>
Net increase (decrease) in cash	\$ 168,558	\$ (38,385)
Cash at beginning of period	148,794	172,518
Cash at end of period	\$ 317,352	\$ 134,133

Supplemental cash flow information:

Interest paid	\$ 211,911	\$ 219,793
Interest received	19,619	13,611
Income taxes paid (net of refunds received)	48,244	9,368

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

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FEDERATED DEPARTMENT STORES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1997 (the "1996 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 1996 10-K.

Because of the seasonal nature of the general merchandising business, the results of operations for the 13 and 26 weeks ended August 2, 1997 and August 3, 1996 (which do not include the Christmas season) are not indicative of such results for the fiscal year.

The Consolidated Financial Statements for the 13 and 26 weeks ended August 2, 1997 and August 3, 1996, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly, in all material respects, the consolidated financial position and results of operations of the Company and its subsidiaries.

Earnings (loss) per share are computed on the basis of daily average number of shares and share equivalents (shares issuable under outstanding warrants and stock options) outstanding during the period for the 13 and 26 weeks ended August 2, 1997. For the 13 and 26 weeks ended August 3, 1996, the potential issuance of share equivalents was anti-dilutive and earnings (loss) per share were computed on the basis of daily average number of shares outstanding. The computation of fully diluted earnings (loss) per share takes into account, if dilutive, the above-described share equivalents and shares issuable upon the conversion of convertible debt. Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS No. 128"), was issued in February 1997. The statement establishes standards for computing and presenting earnings per share and is effective for financial statements for periods ending after December 15, 1997. Adoption of this statement will not have a material impact on the Company's earnings per share computations.

Certain reclassifications have been made to amounts for the 13 and 26 weeks ended August 3, 1996 to conform with the classifications of such amounts for the 52 weeks ended February 1, 1997.

2. INVENTORY VALUATION ADJUSTMENTS RELATED TO CONSOLIDATION AND BUSINESS INTEGRATION AND CONSOLIDATION EXPENSES

In connection with the consolidation of merchandise inventories for acquired and pre-existing businesses, the Company recorded one-time inventory valuation adjustments related to merchandise in lines of business that were eliminated or replaced as a separate component of cost of sales. For the 26 weeks ended August 3, 1996, the amount recorded related to the consolidation of Broadway into the Company's Macy's West division.

(Continued)

FEDERATED DEPARTMENT STORES, INC.

NOTES DO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Additionally, the Company incurred certain one-time costs related to the integration and consolidation of acquired and pre-existing businesses and classified such costs as business integration and consolidation expenses as a separate component of selling, general and administrative expenses. During the 26 weeks ended August 3, 1996, the Company recorded \$110.9 million of business integration and consolidation expenses consisting of \$83.0 million of costs associated with the integration of Broadway into the Company (related primarily to the incremental costs associated with converting the Broadway stores to other nameplates, including advertising, credit card issuance and promotion and other name change expenses, and the costs of operating Broadway central office functions for a transitional period), \$17.1 million of costs related to the consolidation of Macy's and \$10.8 million of costs related to other support operation restructurings.

3. EXTRAORDINARY ITEM

On July 14, 1997, the Company issued \$300.0 million of 7.45% Senior Debentures due 2017 and \$250.0 million of 6.79% Senior Debentures due 2027 and on July 28, 1997, the Company entered into new credit agreements which provide for unsecured revolving credit loans of up to \$2,000.0 million. Using proceeds from these transactions and other funds, the Company voluntarily prepaid \$1,044.3 million of debt during the 13 weeks ended August 2, 1997. The associated costs for the debt prepayments were recorded as an extraordinary charge of \$38.7 million, net of an income tax benefit of \$25.0 million. The debt prepaid included all amounts outstanding under the Company's mortgage loan facility, secured promissory note, certain other mortgages and previous bank credit facility, all of which were retired and terminated.

FEDERATED DEPARTMENT STORES, INC.

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

RESULTS OF OPERATIONS

COMPARISON OF THE 13 WEEKS ENDED AUGUST 2, 1997 AND AUGUST 3, 1996

For purposes of the following discussion, all references to "second quarter of 1997" and "second quarter of 1996" are to the Company's 13-week fiscal periods ended August 2, 1997 and August 3, 1996, respectively.

Net sales for the second quarter of 1997 totaled \$3,452.8 million, compared to net sales of \$3,284.2 million for the second quarter of 1996, an increase of 5.1%. On a comparable store basis, net sales for the second quarter of 1997 increased 4.4% over the second quarter of 1996.

Cost of sales was 60.8% as a percent of net sales for the second quarter of 1997 compared to 61.7% for the second quarter of 1996. Cost of sales for the second quarter of 1996 included \$29.1 million of one-time inventory valuation adjustments related to merchandise in lines of business that were eliminated or replaced in connection with the consolidation of Broadway's merchandise inventories with the Company's merchandise inventories. Excluding these inventory

valuation adjustments from the second quarter of 1996, cost of sales would have been 60.8% of net sales. Cost of sales was not impacted by the valuation of merchandise inventory on the last-in, first-out basis in the second quarter of 1997 or the second quarter of 1996.

Selling, general and administrative ("SG&A") expenses were 33.1% as a percent of net sales for the second quarter of 1997 compared to 36.0% for the second quarter of 1996. SG&A expenses for the second quarter of 1996 included \$69.8 million of one-time costs related to the integration and consolidation of acquired and pre-existing businesses as business integration and consolidation expenses ("BICE"). Excluding BICE, SG&A expenses would have been 33.9% of net sales for the second quarter of 1996. The major factor contributing to the 0.8% improvement in the SG&A expense rate (excluding BICE for the second quarter of 1996) was lower distribution-related expense resulting from restructuring and technological improvements in the merchandise distribution process.

Net interest expense was \$99.3 million for the second quarter of 1997, compared to \$115.6 million for the second quarter of 1996. The lower interest expense for the second quarter of 1997 is principally due to lower levels of borrowings.

The Company's effective income tax rate of 41.1% for the second quarter of 1997 differs from the federal income tax statutory rate of 35.0% principally because of the effect of state and local income taxes and permanent differences arising from the amortization of intangible assets.

The extraordinary item of \$38.7 million in the second quarter of 1997 represents the after-tax expenses associated with debt prepayments.

FEDERATED DEPARTMENT STORES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDISION AND RESULTS OF OPERATION (CONTINUED)

COMPARISON OF THE 26 WEEKS ENDED AUGUST 2, 1997 AND AUGUST 3, 1996

For purposes of the following discussion, all references to "1997" and "1996" are to the Company's 26 week fiscal periods ended August 2, 1997 and August 3, 1996, respectively.

Net sales for 1997 were \$6,861.9 million compared to \$6,584.9 million for 1996, an increase of 4.2%. On a comparable store basis, net sales for 1997 increased 3.5% over 1996.

Cost of sales was 61.0% as a percent of net sales for 1997 compared to 61.9% for 1996. Cost of sales for 1996 included \$65.7 million of one-time inventory valuation adjustments related to merchandise in lines of business that were eliminated or replaced in connection with the consolidation of Broadway's merchandise inventories with the Company's merchandise inventories. Excluding these inventory valuation adjustments from 1996, cost of sales would have been 60.9% and the 0.1% increase in 1997 is due to higher merchandise markdowns associated with the elimination of certain consumer electronics lines of business. Cost of sales was not impacted by the valuation of merchandise inventory on the last-in, first-out basis in 1997 or 1996.

SG&A expenses were 33.8% as a percent of net sales for 1997 compared to 36.1% for 1996. SG&A expenses for 1996 included \$110.9 million of one-time costs related to the integration and consolidation of acquired and pre-existing businesses under the caption BICE. Excluding BICE, SG&A expenses would have been 34.4% of net sales for 1996. The major factor contributing to the 0.6% improvement in the SG&A expense rate (excluding BICE for 1996) was lower distribution-related expenses resulting from restructuring and technological

improvements in the merchandise distribution process.

Net interest expense was \$203.6 million for 1997 compared to \$227.9 million for 1996. The lower interest expense for 1997 is principally due to lower levels of borrowings.

The Company's effective income tax rate of 42.1% for 1997 differs from the federal income tax statutory rate of 35.0% principally because of the effect of state and local income taxes and permanent differences arising from the amortization of intangible assets.

LIQUIDITY AND CAPITAL RESOURCES

For purposes of the following discussion, all references to "1997" and "1996" are to the Company's 26 week fiscal periods ended August 2, 1997 and August 3, 1996, respectively.

The Company's principal sources of liquidity are cash from operations, cash on hand and certain available credit facilities.

FEDERATED DEPARTMENT STORES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Net cash provided by operating activities in 1997 was \$563.9 million, an increase of \$185.6 million compared to the \$378.3 million provided in 1996. The major factors contributing to this improvement were improved operating results and greater reductions in customer accounts receivable.

Net cash provided by investing activities was \$70.7 million in 1997, with purchases of property and equipment totaling \$218.7 million and dispositions of property and equipment totaling \$89.3 million. During 1997, the Company opened five new stores, including a furniture gallery, and closed nine stores. On May 5, 1997, a \$200.0 million installment of a note receivable held by the Company was received.

Net cash used by the Company for all financing activities was \$466.0 million in 1997. During 1997, the Company incurred debt totaling \$850.0 million and repaid debt in the amount of \$1,356.1 million. On July 14, 1997, the Company issued \$300.0 million of 7.45% Senior Debentures due 2017 and \$250.0 million of 6.79% Senior Debentures due 2027, and on July 28, 1997, the Company entered into new bank credit agreements which replaced its existing bank credit agreement. The new credit agreements provide for a \$1,500.0 million unsecured revolving credit facility with a termination date of July 28, 2002 and a \$500.0 million unsecured revolving credit facility with a termination date of July 27, 1998. The net incremental borrowings under the Company's revolving credit and commercial paper facilities were \$300.0 million in 1997.

The major components of debt repaid, with proceeds of the financings described above, proceeds of the \$200.0 million note receivable and other funds, included the entire \$345.1 million of outstanding borrowings under the Company's mortgage loan facility, the entire \$220.8 million of borrowings outstanding under its secured promissory note, \$176.0 million of borrowings outstanding under its note monetization facility, and all \$515.7 million of outstanding term borrowings under its bank credit facility. In addition to extending the maturities of its debt, the Company expects to save \$15.0-\$20.0 million in annual interest expense from the refinancing transactions.

On May 3, 1998, the final \$200.0 million installment of a note receivable held by the Company matures and the remaining \$176.0 million of borrowings under the related note monetization facility become due and payable. Accordingly, as of August 2, 1997, such

amounts have been included in accounts receivable and short-term debt, respectively.

Management believes the department store industry will continue to consolidate. Accordingly, the Company intends from time to time to consider additional acquisitions of department store assets and companies.

Management of the Company believes that, with respect to its current operations, cash on hand and funds from operations, together with its credit facilities, will be sufficient to cover its reasonably foreseeable working capital, capital expenditure and debt service requirements. Acquisition transactions, if any, are expected to be financed through a combination of cash on hand and from operations and the possible issuance from time to time of long-term debt or other securities. Depending upon conditions in the capital markets and other factors, the Company will from time to time consider other possible capital markets transactions, including the refinancing of indebtedness.

PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC.

ITEM 1. LEGAL PROCEEDINGS

The information regarding legal proceedings in the Company's Quarterly Report on Form 10-Q for the period ended May 3, 1997 covers events known to the Company and occurring prior to June 17, 1997. Subsequent to that date and prior to September 16, 1997, the Company and its subsidiaries have been involved in various legal proceedings incidental to the normal course of their business. Management does not expect that any of such proceedings will have a material adverse effect on the Company's consolidated financial position or results of operations.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 10.1 364-Day Credit Agreement, dated as of July 28, 1997, by and among the Company, the Initial Lenders named therein, Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, BankBoston, N.A., as Syndication Agent, and The Bank of America, National Trust & Savings Association, as Documentation Agent.
- 10.2 Five-Year Credit Agreement, dated as of July 28, 1997, by and among the Company, the Initial Lenders named therein, Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, BankBoston, N.A., as Syndication Agent, and The Bank of America, National Trust & Savings Association, as Documentation Agent.
- 10.3 Eighth Supplemental Trust Indenture, dated as of July 14, 1997, by and among the Company and State Street Bank and Trust Company (successor to The First National Bank of Boston), Trustee (incorporated by reference to Exhibit 2 to the Company's Current Report on Form 8-K dated as of July 15, 1997 (the "July 1997 Form 8-K")).
- 10.4 Ninth Supplemental Trust Indenture, dated as of July 14, 1997, by and among the Company and State Street Bank and Trust Company (successor to The First National Bank of Boston), Trustee (incorporated by reference to Exhibit 3 to the July 1997 Form 8-K).

- 11 Statement re computation of per share earnings

(b) Reports on Form 8-K

Current Report on Form 8-K, dated July 15, 1997, reporting matters under Item 5 thereof.

FEDERATED DEPARTMENT STORES, INC.

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 thereunder duly authorized.

FEDERATED DEPARTMENT STORES, INC.

Date September 16, 1997 /s/ Dennis J. Broderick
Dennis J. Broderick
Senior Vice President, General Counsel
and Secretary

 /s/ Joel A. Belsky
Joel A. Belsky
Vice President and Controller
(Principal Accounting Officer)

U.S. \$500,000,000

364-DAY CREDIT AGREEMENT

Dated as of July 28, 1997

Among

FEDERATED DEPARTMENT STORES, INC.

as Borrower

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

CITIBANK, N.A.

as Administrative Agent and as Paying Agent

and

THE CHASE MANHATTAN BANK

as Administrative Agent

and

BANKBOSTON, N.A.

as Syndication Agent

and

THE BANK OF AMERICA, NATIONAL TRUST & SAVINGS ASSOCIATION

as Documentation Agent

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Exhibits

Exhibit A - Form of Revolving Credit Note

Exhibit B - Form of Notice of Revolving Credit Borrowing

Exhibit C - Form of Assignment and Acceptance

Exhibit D - Form of Opinion of Counsel for the Borrower

364-DAY CREDIT AGREEMENT

Dated as of July 28, 1997

FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Lenders (the "Initial Lenders"), and CITIBANK, N.A. ("Citibank"), as an administrative agent (in such capacity, an "Administrative Agent") for the Lenders (as hereinafter defined) and as paying agent (in such capacity, the "Paying Agent") for the Lenders, THE CHASE MANHATTAN BANK ("Chase"), as an administrative agent (in such capacity, an "Administrative Agent"; the Administrative Agents and the Paying Agent being, collectively, the "Agents") for the Lenders, BankBoston, N.A., as syndication agent (the "Syndication Agent") and The Bank of America, National Trust & Savings Association, as documentation agent (the "Documentation Agent"), agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

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

"Adjusted Debt" means, at any time, the amount by which (a) Consolidated Debt (other than Debt of the type referred to in clauses (f) and (h) in the definition of "Debt") of the Borrower and its Subsidiaries exceeds (b) to the extent otherwise included in the calculation of Consolidated Debt under clause (a) above, non-recourse Debt of Ridge Capital Trust II outstanding under the May Note Monetization Facility calculated on a Consolidated basis in accordance with GAAP.

"Administrative Agent" has the meaning specified in the recital of parties to this Agreement.

"Advance" means a Revolving Credit Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5%

or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agent" has the meaning specified in the recital of parties to this Agreement.

"Alternative Currency" means lawful money of Austria, Belgium, the Federal Republic of Germany, France, Italy, the Swiss Confederation, the United Kingdom and such other lawful currencies other than Dollars that are freely transferable and convertible into Dollars as the Borrower, with the consent of the Paying Agent, shall designate.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Applicable Margin" means, as of any date of determination prior to the Term Loan Conversion Date, a percentage per annum determined by reference to the Performance Level in effect on such date as set forth below:

Performance Level	Applicable Margin for Base Rate Advances	Applicable Margin for Eurodollar Rate Advances	Drawn Cost
Level 1	0.0000%	0.1425%	0.1875%
Level 2	0.0000%	0.1500%	0.2000%
Level 3	0.0000%	0.1900%	0.2500%
Level 4	0.0000%	0.2250%	0.3000%
Level 5	0.0000%	0.2500%	0.3500%
Level 6	0.0000%	0.3750%	0.5000%

and, as of any date of determination on or after the Term Loan Conversion Date, a percentage per annum determined by reference to the Performance Level in effect on such date as set forth below:

Performance Level	Applicable Margin for Base Rate Advances	Applicable Margin for Eurodollar Rate Advances	Drawn Cost
Level 1	0.0000%	0.1875%	0.1875%
Level 2	0.0000%	0.2000%	0.2000%
Level 3	0.0000%	0.2500%	0.2500%
Level 4	0.0000%	0.3000%	0.3000%
Level 5	0.0000%	0.3500%	0.3500%
Level 6	0.0000%	0.5000%	0.5000%

In the case of a change in the Applicable Margin due to a change in the Interest Coverage Ratio, such change shall be effective five Business Days after the date on which the Paying Agent receives financial statements pursuant to Section 5.01(h)(i) or (ii) together with a certificate of the chief financial officer of the Borrower demonstrating such Interest Coverage Ratio. In the case of a change in the Applicable Margin due to a change in the Public Debt Rating, such change shall be effective five Business Days after the date on which the Paying Agent receives a certificate of the chief financial officer of the Borrower pursuant to Section 5.01(h)(vi) setting forth such Public Debt Rating.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Paying Agent, in

substantially the form of Exhibit C hereto.

"Assuming Lender" has the meaning specified in Section 2.15(c).

"Assumption Agreement" has the meaning specified in Section 2.15(c).

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

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

(b) the sum (adjusted to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, to the next higher 1/16 of 1%) of (i) 1/2 of 1% per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 360 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) three-month U.S. dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States; and

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

"Base Rate Advance" means an Advance that bears interest as provided in Section 2.06(a)(i).

"Borrowing" means a Revolving Credit Borrowing.

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

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Chase" has the meaning specified in the recital of parties to this Agreement.

"Citibank" has the meaning specified in the recital of parties to this Agreement.

"Commercial Paper" means any unsecured promissory note or notes issued by the Borrower pursuant to any commercial paper program (whether rated or unrated) with a maturity of not more than 270 days from the time of issuance.

"Commercial Paper Set-Aside Amount" has the meaning specified in Section 2.01(b).

"Commitment" means a Revolving Credit Commitment.

"Confidential Information" means all information about the Borrower and its Subsidiaries that has been furnished by the Borrower or any of its Subsidiaries to any Agent or any Lender whether furnished before or after the date of this Agreement, and regardless of the manner in which it is furnished, but does not include any such information that (a) is or becomes generally available to the public other than as a result of a disclosure by such Agent or such Lender not permitted by this Agreement, (b) was available to such Agent or such Lender on a non-confidential basis prior to its disclosure to such Agent or such Lender or (c) becomes available to such Agent or such Lender on a non-confidential basis from a Person other than the Borrower or any of its Subsidiaries that is not, to the best of such Agent's or such Lender's knowledge, acting in violation of a confidentiality agreement with the Borrower or any of its Subsidiaries or is not otherwise prohibited from disclosing the information to such Agent or such Lender.

"Consenting Lender" has the meaning specified in Section 2.15(b).

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

"Convert", "Conversion" and "Converted" each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Section 2.07 or 2.08.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all Obligations of such Person for the deferred purchase price of property or services (other than Obligations for property (excluding real property, capital stock and property subject to Capitalized Leases) and services purchased, and expense accruals and deferred compensation items arising in the ordinary course of such Person's business), (c) all Obligations of such Person evidenced by notes, bonds, debentures or other similar instruments (other than performance, surety and appeals bonds arising in the ordinary course of business), (d) all payment Obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (unless the rights and remedies of the seller, lessor or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Obligations of such Person as lessee under Capitalized Leases, (f) all Obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all Obligations of such Person to purchase, redeem, retire,

defeasement or otherwise make any payment in respect of any capital stock of or other ownership or profit interest in such Person or any other Person or any warrants, rights or options to acquire such capital stock (other than Obligations of such Person with respect to employee stock plans), valued, in the case of Redeemable Preferred Stock, at the greater of its involuntary liquidation preference plus accrued and unpaid dividends, (h) all Obligations of such Person in respect of Hedge Agreements, (i) all Debt of others referred to in clauses (a) through (h) above or clause (j) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (j) all Debt referred to in clauses (a) through (i) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt, provided that the amount of Debt of the type referred to in clauses (i) and (j) above will be included within the definition of "Debt" only to the extent of the amount of the obligations so guaranteed or otherwise supported.

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

"Defaulted Advance" means, with respect to any Lender at any time, the portion of any Advance required to be made by such Lender to the Borrower pursuant to Section 2.01 or 2.02 at or prior to such time which has not been made by such Lender or by the Paying Agent for the account of such Lender pursuant to Section 2.02(d) as of such time. In the event that a portion of a Defaulted Advance shall be deemed made pursuant to Section 2.17(a), the remaining portion of such Defaulted Advance shall be considered a Defaulted Advance originally required to be made pursuant to Section 2.01 on the same date as the Defaulted Advance so deemed made in part.

"Defaulted Amount" means, with respect to any Lender at any time, any amount required to be paid by such Lender to the Paying Agent or any other Lender hereunder or under any other Loan Document at or prior to such time which has not been so paid as of such time, including, without limitation, any amount required to be paid by such Lender to (a) the Paying Agent pursuant to Section 2.02(d) to reimburse the Paying Agent for the amount of any Advance made by the Paying Agent for the account of such Lender, (b) any other Lender pursuant to Section 2.14 to purchase any participation in Advances owing to such other Lender and (c) the Paying Agent pursuant to Section 7.05 to reimburse the Paying Agent for such Lender's ratable share of any amount required to be paid by the Lenders to the Paying Agent as provided therein. In the event

that a portion of a Defaulted Amount shall be deemed paid pursuant to Section 2.17(b), the remaining portion of such Defaulted Amount shall be considered a Defaulted Amount originally required to be paid hereunder or under any other Loan Document on the same date as the Defaulted Amount so deemed paid in part.

"Defaulting Lender" means, at any time, any Lender that, at such time, (a) owes a Defaulted Advance or a Defaulted Amount or (b) shall take any action or be the subject of any action or proceeding of a type described in Section 6.01(e).

"Dollars" and the sign "\$" each means lawful money of the United States.

"Documentary L/C" means any letter of credit that is issued for the benefit of a supplier of inventory to the Borrower or any of its Subsidiaries to effect payment of such Inventory.

"Documentation Agent" has the meaning specified in the recital of parties to this Agreement.

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

"EBITDA" means, for any period, (i) the sum, determined on a Consolidated basis, of (a) net income (or net loss), (b) Net Interest Expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense (including, without limitation, amortization of (1) excess of cost over net assets acquired, (2) reorganization value in excess of amounts allocable to identifiable assets and (3) unearned restricted stock) and (f) unusual and extraordinary losses less (ii) unusual and extraordinary gains, in each case of the Borrower and its Subsidiaries determined in accordance with GAAP for such period.

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

"Eligible Assignee" means with respect to the Revolving Credit Facility (i) a Lender; (ii) an Affiliate of a Lender; and (iii) any other Person approved by the Paying Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 8.07, the Borrower, such approval not to be unreasonably withheld or delayed; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

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

cost recovery, compensation or injunctive relief.

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

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

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

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

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

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

"Eurodollar Rate" means, with respect to each day during each Interest Period for a Eurodollar Rate Advance comprising a Revolving Credit Borrowing, the rate of interest per annum obtained by dividing (a) the "Eurodollar Rate" determined (i) on the basis of the rate for deposits in Dollars for a period equal to such Interest Period appearing on Page 3750 of the Telerate screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period, or if such rate does not appear on Page 3750 of the Telerate screen (or otherwise on such service), the rate per annum (rounded upward to the nearest 1/16 of 1% per annum) at which deposits are offered by another publicly available service displaying eurodollar rates as may be agreed upon by the Paying Agent and the Borrower or (ii) in the absence of such appearance or agreement, by reference to the average of the rate of interest per annum (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) at which deposits in Dollars are offered by the principal office of each of the Reference Banks in London, England, to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance to be outstanding during such Interest Period (or, if such Reference Bank shall not have a Eurodollar Rate Advance that is to be outstanding during such Interest Period, in an amount equal to \$1,000,000) and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period. In the case of any Eurodollar Rate determined pursuant to clause (a)(ii) above, the Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising such Revolving Credit Borrowing shall be determined by the Paying Agent on the basis of applicable rates received by the Paying Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.07.

"Eurodollar Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.06(a)(ii).

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

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

"Existing Credit Agreement" means the \$2,800,000,000 Credit Agreement dated as of December 19, 1994, as amended through the date hereof, among the Borrower, certain lenders party thereto, Citibank, as administrative agent, Chemical Bank, as agent, Citicorp

Securities, Inc., as arranger and Chemical Securities, Inc., as co-arranger.

"Extension Date" has the meaning specified in Section 2.15(b).

"Facility" means the Revolving Credit Facility.

"Facility Fee Percentage" means, as of any date, a percentage per annum determined by reference to the Performance Level in effect on such date as set forth below:

Performance Level	Applicable Percentage
Level 1	.0450%
Level 2	.0500%
Level 3	.0600%
Level 4	.0750%
Level 5	.1000%
Level 6	.1250%

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

"Fiscal Year" means a fiscal year of the Borrower and its Consolidated Subsidiaries ending on the Saturday closest to January 31 in any calendar year.

"Five Year Credit Agreement" means the Five Year Credit Agreement of even date herewith among the Borrower, the lenders party thereto, Citibank, as administrative agent and as paying agent, Chase, as administrative agent, BankBoston, N.A., as syndication agent, and The Bank of America, National Trust & Savings Association, as documentation agent, as amended, supplemented or otherwise modified from time to time.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by any successor entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination; provided that, with respect to the calculation of the financial ratios and the terms used in the covenants contained in this Agreement and the definitions related thereto, "GAAP" means generally accepted accounting principles in effect in the United States on the date of the financial statements referred to in Section 4.01(e), it being understood that, upon any change in GAAP as at such date that affects in any material respect the financial ratios and the covenants contained in this Agreement, the Borrower and the Paying Agent will negotiate in good faith to adapt or conform any such financial ratios and covenants and the definitions related thereto to any such changes in GAAP

to the extent necessary to maintain the original economic terms of such financial ratios and covenants as in effect under this Agreement on the date hereof, the Paying Agent shall promptly notify the Lenders in writing of the negotiated changes to such financial ratios, covenants and definitions, and if, by the 30th day after the date such notice is given (i) the Required Lenders shall not have objected in writing to such changes, such changes shall be deemed to be effective, and this Agreement shall be deemed to be amended accordingly, as of such 30th day, without further action on the part of any party hereto or (ii) the Required Lenders shall have objected to such changes, then, until this Agreement shall be amended in accordance with the terms of Section 8.01 to reflect such changes as may be necessary to maintain the original economic terms of such financial ratios and covenants, the financial ratios and covenants immediately in effect prior to such amendment shall remain in effect.

"Hazardous Materials" means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

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

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

"Information Memorandum" means the information memorandum dated July 1997 used by the Administrative Agents in connection with the syndication of the Commitments.

"Initial Lenders" has the meaning specified in the recital of parties of this Agreement.

"Interest Coverage Ratio" means, at any date of determination, the ratio of Consolidated EBITDA for the Measurement Period then most recently ended to Net Interest Expense for such Measurement Period determined in accordance with GAAP.

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

- (i) the Borrower may not select any Interest Period that ends after the Revolver Termination Date then in effect or, if the

Advances have been converted to a term loan pursuant to Section 2.05 prior to such selection, that ends after the Maturity Date;

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

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

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

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

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

"Lenders" means the Initial Lenders, each Assuming Lender that shall become a party hereto pursuant to Section 2.15 and each Person that shall become a party hereto pursuant to Section 8.07.

"Leverage Ratio" means, at any date of determination, the ratio of Adjusted Debt to the sum of Adjusted Debt plus Consolidated net worth of the Borrower and its Subsidiaries calculated on a Consolidated basis in accordance with GAAP.

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

"Loan Documents" means this Agreement and the Notes, as each may be amended, supplemented or otherwise modified from time to time.

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

"Material Adverse Effect" means an effect that causes or results in or has a reasonable likelihood of causing or resulting in any material adverse change in (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower and its Subsidiaries, taken as a whole,

(b) the rights and remedies of any Agent or any Lender under any Loan Document, (c) the ability of the Borrower to perform its Obligations under any Loan Document or (d) the legality, validity or enforceability of any Loan Document.

"Material Subsidiary" of the Borrower means, at any time, any Subsidiary of the Borrower having (a) assets with a value of not less than 5% of the total value of the assets of the Borrower and its Consolidated Subsidiaries, taken as a whole, or (b) Consolidated EBITDA not less than 5% of the Consolidated EBITDA of the Borrower and its Consolidated Subsidiaries, taken as a whole, in each case as of the end of or for the most recently completed Fiscal Year of the Borrower.

"Maturity Date" means the earlier of (a) the second anniversary of the Term Loan Conversion Date and (b) the date of termination in whole of the aggregate Commitments pursuant to Section 2.04 or 6.01.

"May Note Monetization Facility" means the monetization facility established July 26, 1988, between the Borrower and a grantor trust of which the Borrower is the beneficiary, pursuant to which such grantor trust distributed approximately \$352,000,000 to the Borrower.

"Measurement Period" means, at any date of determination, the period of the four consecutive fiscal quarters of the Borrower then most recently ended for which the Paying Agent has (or should have) received financial statements in compliance with Section 5.01(h).

"Minor Subsidiary" means any Subsidiary of the Borrower that is not a Material Subsidiary.

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

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

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

"Net Interest Expense" means, for any period, the amount (if any) by which (a) interest payable on all Debt (including, without limitation, the interest component of Capitalized Leases) and amortization of deferred financing fees and debt discount in respect of all Debt exceeds (b) interest income, in each case of the Borrower and its Subsidiaries for such period, calculated on a Consolidated basis in accordance with GAAP.

"Non-Consenting Lender" has the meaning specified in Section 2.15(b).

"Note" means a Revolving Credit Note.

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

"Obligation" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 6.01(e). Without limiting the generality of the foregoing, the Obligations of the Borrower under the Loan Documents include (a) the obligation to pay principal, interest, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by the Borrower under any Loan Document and (b) the obligation of the Borrower to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of the Borrower.

"Original Currency" has the meaning specified in Section 8.12.

"Other Currency" has the meaning specified in Section 8.12.

"Paying Agent" has the meaning specified in the recital of parties to this Agreement.

"Paying Agent's Account" means the account of the Paying Agent maintained by the Paying Agent with its office at 399 Park Avenue, New York, New York 10043, Account No. 36852248, Account Name: Medium Term Finance/NAIB Agency, Reference: Federated.

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

"Performance Level" means, as of any date of determination, the numerically lower level set forth below as then in effect, as determined by reference to the Public Debt Rating and Interest Coverage Ratio then in effect, provided, however, that if the Level established by reference to the Public Debt Rating and the Level established by reference to the Interest Coverage Ratio are more than one Level apart, the Performance Level shall be the Level that is numerically one below the numerically higher of the two Levels so established:

Level 1 The Public Debt Rating is greater than or equal to A2 or A or the Interest Coverage Ratio is 6.25:1.00 or greater;

Level 2 The Public Debt Rating is A3 or A- or the Interest Coverage Ratio is 5.75:1.00 or greater but less than 6.25:1.00;

Level 3 The Public Debt Rating is Baa1 or BBB+ or the Interest Coverage Ratio is 5.00:1.00 or greater but less than 5.75:1.00;

Level 4 The Public Debt Rating is Baa2 or BBB or the Interest Coverage Ratio is 4.50:1.00 or greater but less than 5.00:1.00;

Level 5 The Public Debt Rating is Baa3 or BBB- or the Interest Coverage Ratio is 3:75:1.00 or greater but less than 4.50:1.00;

Level 6 The Public Debt Rating is lower than Baa3 or BBB- and the Interest Coverage Ratio is lower than 3.75:1.00;

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings; (c) Liens (if any) arising by operation of law and pledges or deposits made in the ordinary course of business in connection with liability insurance, workers' compensation, unemployment insurance, old-age pensions and other social security benefits, other than with respect to employee benefit plans subject to ERISA; and (d) zoning restrictions, easements, rights of way, reciprocal easement agreements, operating agreements, covenants, conditions or restrictions on the use of any real property that do not interfere in any material respect with the ordinary conduct of the business of the Borrower and its Subsidiaries or do not materially adversely affect the value of such property for the purpose of such business.

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

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

"Preferred Stock" means, with respect to any corporation, capital stock issued by such corporation that is entitled to a preference or priority over any other capital stock issued by such corporation upon any distribution of such corporation's assets, whether by dividend or upon liquidation.

"Pro Rata Share" of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Revolving Credit Commitment at such time and the denominator of which is the Revolving Credit Facility at such time.

"Public Debt Rating" means, as of any date, the higher of (a) the lowest rating that has been most recently announced by Moody's for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower and (b) the rating that has been most recently announced by S&P as the Borrower's "Corporate Credit Rating", provided, that if the ratings referred to in clause (a) and (b) above are each referred to in Performance Levels which are more than one Performance Level apart, the Public Debt Rating shall be the Public Debt Rating indicated within the Performance Level that is numerically one below the numerically higher of the

two Performance Levels in which the ratings are so referenced. For purposes of the foregoing, (i) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Facility Fee Percentage shall be determined by reference to the available rating; (ii) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Facility Fee Percentage will be determined by reference to the Interest Coverage Ratio then in effect; (iii) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of five Business Days after the date on which such change is demonstrated in a certificate of the chief financial officer of the Borrower delivered pursuant to Section 5.01(h)(vi); and (iv) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Receivables Financing Facility" means the receivables financing facilities currently established by the Borrower and any replacement thereof or other receivables financing pursuant to which certain Subsidiaries of the Borrower issue non-recourse Debt and commercial paper secured by certain receivables of the Borrower and its Subsidiaries.

"Redeemable" means, with respect to any capital stock or other ownership or profit interest, Debt or other right or Obligation, any such right or Obligation that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"Reference Banks" means Citibank and Chase.

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

"Reportable Event" has the meaning specified in Section 4043 of ERISA, excluding any event with respect to which the 30-day notice requirement has been waived.

"Required Lenders" means at any time Lenders owed or holding at least a majority in interest of the sum of (a) the then aggregate unpaid principal amount of the Revolving Credit Advances owing to Lenders at such time, and (b) the aggregate Unused Revolving Credit Commitments at such time, provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time (i) the unpaid principal amount of the Revolving Credit Advances made by such Defaulting Lender and outstanding at such time and (b) the Unused Revolving Credit Commitment of such Defaulting Lender at such time.

"Responsible Officer" means any executive officer of the Borrower or any of its Subsidiaries or any other officer of the Borrower or any of its Subsidiaries responsible for overseeing or reviewing compliance with this Agreement or any other Loan Document.

"Revolver Termination Date" means the earlier of July 27, 1998 (subject to the extension thereof pursuant to Section 2.15) and the date of termination in whole of the Revolving Credit Commitments pursuant to Section 2.04 or 6.01; provided, however, that the Revolver Termination Date of any Lender that is a Non-

Consenting Lender to any requested extension pursuant to Section 2.15 shall be the Revolver Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement and any Notes.

"Revolving Credit Advance" means an advance by a Lender to the Borrower as part of a Revolving Credit Borrowing and, if the Borrower has made the Term Loan Election in accordance with Section 2.05, includes each such Advance that remains outstanding after the Term Loan Conversion Date, and refers to a Base Rate Advance or a Eurodollar Rate Advance (each of which shall be a "Type" of Revolving Credit Advance).

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

"Revolving Credit Commitment" means, with respect to any Revolving Credit Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Revolving Credit Commitment" or, if such Lender has entered into one or more Assignment and Acceptances, set forth for such Lender in the Register maintained by the Paying Agent pursuant to Section 8.07(e) as such Lender's "Revolving Credit Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.04.

"Revolving Credit Facility" means, at any time, the aggregate amount of the Revolving Credit Lenders' Revolving Credit Commitments at such time.

"Revolving Credit Lender" means any Lender that has a Revolving Credit Commitment.

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

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

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

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

"Syndication Agent" has the meaning specified in the recital of parties to this Agreement.

"Tangible Assets" means, with respect to any Person as of any date of determination, the total assets of such Person less the sum of (i) goodwill, organizational expenses, research and development expenses, trademarks, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, and other similar intangibles, (ii) all prepaid expenses, deferred charges or unamortized debt discount and expense, (iii) all reserves carried and not deducted from assets, (iv) any write-up in the book value of any asset resulting from a revaluation thereof subsequent to February 1, 1997, and (v) any items not included in clauses (i) through (iv) above, in each case of such Person and which are treated as intangibles in conformity with GAAP.

"Term Loan Conversion Date" has the meaning specified in Section 2.05.

"Term Loan Election" has the meaning specified in Section 2.05.

"Unused Revolving Credit Commitment" means, with respect to any Lender at any time, (a) such Lender's Revolving Credit Commitment at such time minus (b) the aggregate principal amount of all Revolving Credit Advances made by such Lender and outstanding at such time.

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

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

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

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

SECTION 1.04. Currency Equivalents Generally. For all purposes of this Agreement except as otherwise specifically provided herein, the equivalent in any Alternative Currency of an amount in Dollars shall be determined at the rate of exchange quoted by Citibank in New York City, at 9:00 A.M. (New York City time) on the date of determination, to prime banks in New York City for the spot purchase in the New York foreign exchange market of such amount of Dollars with such Alternative Currency. Citibank's determination of each spot rate of exchange pursuant to this Agreement shall be final and conclusive absent manifest error.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Revolving Credit Advances. (a)

The Revolving Credit Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the earlier of the Revolver Termination Date and the Term Loan Conversion Date in an amount for each such Advance not to exceed an amount equal to such Lender's Unused Revolving Credit Commitment less such Lender's Pro Rata Share of the Commercial Paper Set-Aside Amount at such time. Each Revolving Credit Borrowing shall be in an aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof, and shall consist of Revolving Credit Advances of the same Type made on the same day by the Lenders ratably according to their respective Revolving Credit Commitments. Within the limits of each Lender's Revolving Credit Commitment, the Borrower may borrow under this Section 2.01, repay pursuant to Section 2.05(a), prepay pursuant to Section 2.09 and reborrow under this Section 2.01.

(b) Set-Aside of Commitments to Backstop Commercial Paper. At any time during which the Borrower has any Commercial Paper outstanding, a portion of the Unused Revolving Credit Commitments in an aggregate amount equal to the amount by which (i) the aggregate face amount of such Commercial Paper outstanding at such time exceeds (ii) the "Commercial Paper Set-Aside Amount" in effect under the Five Year Credit Agreement at such time shall, without further action on the part of any party, be deemed to be reserved for use as support for the obligations of the Borrower under such Commercial Paper; provided that the reservation of Unused Revolving Credit Commitments described in this Section 2.01(b) shall be increased or decreased accordingly upon notice from the Borrower to the Paying Agent at any time to reflect the Borrower's required liquidity reserves for Commercial Paper. The amount of Revolving Credit Commitments so reserved at any time pursuant to this Section 2.01(b) is referred to herein as the "Commercial Paper Set-Aside Amount".

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

(b) Anything in subsection (a) above to the

contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for any Revolving Credit Borrowing if the aggregate amount of such Revolving Credit Borrowing is less than \$25,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.07 or 2.11 and (ii) the Eurodollar Rate Advances may not be outstanding as part of more than ten separate Revolving Credit Borrowings.

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

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

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

SECTION 2.03. Fees. (a) Facility Fee. The Borrower agrees to pay to the Paying Agent for the account of each Lender a facility fee on the aggregate amount of such Lender's Revolving Credit Commitment from the date hereof in the case of each Initial Lender and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the earlier of the Revolver Termination Date and the Term Loan Conversion Date at a rate per annum equal to the Facility Fee Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing September 30, 1997, and on the Revolver Termination Date or the Term Loan Conversion Date, as the case may be; provided, however,

that any facility fee accrued with respect to the Revolving Credit Commitment of a Defaulting Lender during the period prior to the time such Lender became a Defaulting Lender and unpaid at such time shall not be payable by the Borrower so long as such Lender shall be a Defaulting Lender except to the extent that such facility fee shall otherwise have been due and payable by the Borrower prior to such time; and provided further that no facility fee shall accrue on the Revolving Credit Commitment of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

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

SECTION 2.04. Termination or Reduction of the Commitments. (a) If the Borrower has not made the Term Loan Election on or prior to the Revolver Termination Date, the Commitments shall be automatically terminated on the Revolver Termination Date. If the Borrower has made the Term Loan Election in accordance with Section 2.05, on the Term Loan Conversion Date and from time to time thereafter upon each prepayment of the Revolving Credit Advances, the aggregate Commitments of the Lenders shall be automatically and permanently reduced on a pro rata basis by an amount equal to the aggregate Unused Revolving Credit Commitment in effect immediately prior to such reduction.

(b) The Borrower shall have the right, upon at least three Business Days' notice to the Paying Agent, to terminate in whole or reduce ratably in part the Unused Revolving Credit Commitments, provided that each partial reduction shall be in the aggregate amount of \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof.

SECTION 2.05. Repayment of Revolving Credit Advances; Term Loan Election. Subject to the next succeeding sentence, the Borrower shall repay to the Paying Agent for the ratable account of the Lenders on the Revolver Termination Date the aggregate principal amount of the Revolving Credit Advances then outstanding. The Borrower may, so long as at the time of the giving of notice (and the giving of such notice shall constitute a representation and warranty by the Borrower that on such date such statements are true) and on the Term Loan Conversion Date (i) no Default has occurred and is continuing and (ii) the representations and warranties contained in Section 4.01 are correct on and as of such date, before and after giving effect to such conversion, as though made on and as of such date (other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such conversion, in which case as of such specific date) at any time prior to the Revolver Termination Date and upon not less than 15 days' notice to the Paying Agent, elect (the "Term Loan Election") to convert all of the Revolving Credit Advances outstanding on the date specified in such notice (the "Term Loan Conversion Date") into a term loan which the Borrower shall repay in full to the Paying Agent for the ratable account of the Lenders on the Maturity Date.

SECTION 2.06. Interest on Revolving Credit Advances. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Revolving Credit Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin

in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

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

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default, the Borrower shall pay interest on (i) the unpaid principal amount of each Revolving Credit Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

SECTION 2.07. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Paying Agent timely information for the purpose of determining each Eurodollar Rate when necessary. If any one or more of the Reference Banks shall not furnish such timely information to the Paying Agent for the purpose of determining any such interest rate, the Paying Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Paying Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Paying Agent for purposes of Section 2.06(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.06(a)(ii).

(b) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Paying Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Paying Agent shall forthwith so notify the Borrower and the Lenders, whereupon (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Revolving Credit Advances into, Eurodollar Rate Advances shall be suspended until the Paying Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Paying Agent will forthwith so notify the Borrower and the Lenders

and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$25,000,000, such Advances shall automatically Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default, (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended for the duration of such Event of Default.

(f) During such time as the Eurodollar Rate is determined by clause (a)(ii) of the definition thereof, respectively, if neither Reference Bank furnishes timely information to the Paying Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances,

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

(ii) with respect to Eurodollar Rate Advances, each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance) until the Paying Agent shall notify the Borrower and the Lenders that the circumstances causing the suspension of Eurodollar Rate Advances no longer exist, and

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

SECTION 2.08. Optional Conversion of Revolving Credit Advances. The Borrower may, upon notice given to the Paying Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, on any Business Day Convert all Revolving Credit Advances of one Type comprising the same Borrowing into Revolving Credit Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Revolving Credit Advances shall result in more separate Revolving Credit Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Revolving Credit Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.09. Optional Prepayments of Revolving Credit Advances. The Borrower may, upon at least three Business Days' notice in the case of Eurodollar Rate Advances and same day notice in the case of Base Rate

Advances, in each case to the Paying Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Revolving Credit Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

SECTION 2.10. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances (excluding for purposes of this Section 2.10 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.13 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Paying Agent), pay to the Paying Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost; provided, however, that a Lender claiming additional amounts under this Section 2.10(a) agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to the Borrower by such Lender, shall be conclusive and binding for all purposes, absent manifest error. If the Borrower so notifies the Paying Agent within ten Business Days after any Lender notifies the Borrower of any increased cost pursuant to the foregoing provisions of this Section 2.10(a), the Borrower may, upon payment of such increased cost to such Lender, replace such Lender with a Person that is an Eligible Assignee in accordance with the terms of Section 8.07 (and the Lender being so replaced shall take all action as may be necessary to assign its rights and obligations under this Agreement to such Eligible Assignee).

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

such Lender shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.11. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Paying Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) each Eurodollar Rate Advance will automatically, upon such demand, Convert into a Base Rate Advance or an Advance that bears interest at the rate set forth in Section 2.06(a)(i), as the case may be, and (ii) the obligation of the Lenders to make Eurodollar Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Paying Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.12. Payments and Computations. (a) The Borrower shall make each payment hereunder and under the Notes not later than 12:00 Noon (New York City time) on the day when due in U.S. dollars to the Paying Agent at the Paying Agent's Account in same day funds. The Paying Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.03(b), 2.10, 2.13, 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon any Assuming Lender becoming a Lender hereunder as a result of an extension of the Revolver Termination Date pursuant to Section 2.15, and upon the Paying Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Extension Date, the Paying Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(e), from and after the effective date specified in such Assignment and Acceptance, the Paying Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

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

(c) All computations of interest and facility fees shall be made by the Paying Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, facility fees or commissions are payable. Each determination by the Paying Agent of an interest rate, facility fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the

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

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

SECTION 2.13. Taxes. (a) Any and all payments by the Borrower hereunder or under the Notes shall be made, in accordance with Section 2.12, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and any Agent, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender or such Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or any Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13) such Lender or such Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

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

(c) The Borrower shall indemnify each Lender and each Agent for and hold it harmless against the full amount of Taxes or Other Taxes (including, without limitation, taxes of any kind imposed by any jurisdiction on amounts payable under this Section 2.13) imposed on or paid by such Lender or such Agent (as the case may be) and any liability (including penalties, interest and expenses) arising

therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or such Agent (as the case may be) makes written demand therefor.

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

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall provide each of the Paying Agent and the Borrower with two original Internal Revenue Service forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form 1001 or 4224, that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form described in Section 2.13(e) (other than if such failure is due to a change in law occurring subsequent to the date on which a form originally was required to be provided, or if such form otherwise is not required under subsection (e) above), such Lender shall not be entitled to indemnification under Section 2.13(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided,

however, that should a Lender become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.13 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Eurodollar Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.14. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than pursuant to Section 2.03(b), 2.10, 2.13 or 8.04) in excess of its ratable share of payments on account of the Revolving Credit Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Credit Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.14 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.15. Extension of Termination Date. (a) At least 30 days but not more than 60 days prior to the Revolver Termination Date in effect at any time, the Borrower, by written notice to the Paying Agent, may request an extension of the Revolver Termination Date in effect at such time for a period of 364 days from its then scheduled expiration; provided, however, that the Borrower shall not have made the Term Loan Election prior to the then scheduled Revolver Termination Date. The Paying Agent shall promptly notify each Lender of such request, and each Lender shall in turn, in its sole discretion, not earlier than 30 days but at least 25 days prior to such Revolver Termination Date, notify the Borrower and the Paying Agent in writing as to whether such Lender will consent to such extension. If any Lender shall fail to notify the Paying Agent and the Borrower in writing of its consent to any such request for extension of the Revolver Termination Date at least 25 days prior to the scheduled occurrence thereof at such time, such Lender shall be deemed to be a Non-Consenting Lender with respect to such request. The Paying Agent shall notify the Borrower not later than 20 days prior to the scheduled Revolver Termination Date in effect at such time of the decision of the Lenders regarding the Borrower's request for an extension of the Revolver Termination Date.

(b) If all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.15, the Revolver Termination Date shall, effective

as at the Revolver Termination Date otherwise in effect at such time (the "Extension Date"), be extended for a period of 364 days from such Extension Date; provided that on each Extension Date, no Default shall have occurred and be continuing, or shall occur as a consequence thereof and the giving of a request for extension shall constitute a representation and warranty by the Borrower that the representations and warranties contained in Section 4.01 are correct in all material respects on and as of the date of such notice and on such Extension Date, as though made on and as of such dates. If Lenders holding at least a majority in interest of the aggregate Commitments at such time consent in writing to any such request in accordance with subsection (a) of this Section 2.15, the Revolver Termination Date in effect at such time shall, effective as at the applicable Extension Date, be extended as to those Lenders that so consented (each a "Consenting Lender") but shall not be extended as to any other Lender (each a "Non-Consenting Lender"). To the extent that the Revolver Termination Date is not extended as to any Lender pursuant to this Section 2.15 and the Commitment of such Lender is not assumed in accordance with subsection (c) of this Section 2.15 on or prior to the applicable Extension Date, the Commitment of such Non-Consenting Lender shall automatically terminate in whole on such unextended Revolver Termination Date without any further notice or other action by the Borrower, such Lender or any other Person; provided that such Non-Consenting Lender's rights under Sections 2.11, 2.12 and 8.04, and its obligations under Section 7.05, shall survive the Revolver Termination Date for such Lender as to matters occurring prior to such date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for any requested extension of the Revolver Termination Date.

(c) If Lenders holding at least a majority in interest of the aggregate Commitments at any time consent to any such request pursuant to subsection (a) of this Section 2.15, the Borrower may arrange for one or more Consenting Lenders or other Eligible Assignees (each such Consenting Lender or Eligible Assignee that accepts an offer to assume a Non-Consenting Lender's Commitment as of the applicable Extension Date being an "Assuming Lender") to assume, effective as of the Extension Date, any Non-Consenting Lender's Commitment and all of the obligations of such Non-Consenting Lender under this Agreement thereafter arising, without recourse to or warranty by, or expense to, such Non-Consenting Lender; provided, however, that the amount of the Commitment of any such Assuming Lender as a result of such substitution shall in no event be less than \$10,000,000 unless the amount of the Commitment of such Non-Consenting Lender is less than \$10,000,000, in which case such Assuming Lender shall assume all of such lesser amount; and provided further that:

(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the outstanding Revolving Credit Advances, if any, of such Non-Consenting Lender plus (B) any accrued but unpaid facility fees owing to such Non-Consenting Lender as of the effective date of such assignment;

(ii) all additional costs, reimbursements, expense reimbursements and indemnities payable to such Non-Consenting Lender, and all other accrued and unpaid amounts owing to such Non-Consenting Lender hereunder, as of the effective date of such assignment shall have been paid to such Non-Consenting Lender; and

(iii) with respect to any such Assuming

Lender, the applicable processing and recordation fee required under Section 8.07(a) for such assignment shall have been paid;

provided further that such Non-Consenting Lender's rights under Sections 2.10, 2.13 and 8.03, and its obligations under Section 7.05, shall survive such substitution as to matters occurring prior to the date of substitution. At least three Business Days prior to any Extension Date, (A) each such Assuming Lender, if any, shall have delivered to the Borrower and the Paying Agent an assumption agreement, in form and substance satisfactory to the Borrower and the Paying Agent (an "Assumption Agreement"), duly executed by such Assuming Lender, such Non-Consenting Lender, the Borrower and the Paying Agent, (B) any such Consenting Lender shall have delivered confirmation in writing satisfactory to the Borrower and the Paying Agent as to the increase in the amount of its Commitment and (C) each Non-Consenting Lender being replaced pursuant to this Section 2.15 shall have delivered to the Paying Agent any Note or Notes held by such Non-Consenting Lender. Upon the payment or prepayment of all amounts referred to in clauses (i), (ii) and (iii) of the immediately preceding sentence, each such Assuming Lender, as of the Extension Date, will be substituted for such Non-Consenting Lender under this Agreement and shall be a Lender for all purposes of this Agreement, without any further acknowledgment by or the consent of the other Lenders, and the obligations of each such Non-Consenting Lender hereunder shall, by the provisions hereof, be released and discharged.

(d) If Lenders holding a majority in interest of the aggregate Commitments (after giving effect to any assumptions pursuant to subsection (c) of this Section 2.15) consent in writing to a requested extension (whether by execution or delivery of an Assumption Agreement or otherwise) not later than one Business Day prior to such Extension Date, the Paying Agent shall so notify the Borrower, and, so long as no Default shall have occurred and be continuing as of such Extension Date, or shall occur as a consequence thereof, the Revolver Termination Date then in effect with respect to the Commitments of such Consenting Lenders and Assuming Lenders shall be extended for the 364-day period described in subsection (a) of this Section 2.15, and all references in this Agreement, and in the Notes, if any, to the "Revolver Termination Date" shall, with respect to each Consenting Lender and each Assuming Lender for such Extension Date, refer to the Revolver Termination Date as so extended, provided, however, that after giving effect to such extension the aggregate Commitments of the Consenting Lenders are greater than or equal to \$250,000,001. Promptly following each Extension Date, the Paying Agent shall notify the Lenders (including, without limitation, each Assuming Lender) of the extension of the scheduled Revolver Termination Date in effect immediately prior thereto and shall thereupon record in the Register the relevant information with respect to each such Consenting Lender and each such Assuming Lender.

SECTION 2.16. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Borrower and its Subsidiaries.

SECTION 2.17. Defaulting Lenders. (a) If at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Advance to the Borrower and (iii) the Borrower shall be required to make any payment hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then the Borrower may, so long as no Default shall occur or be continuing at such time and to the fullest extent permitted by applicable law: (x) replace such Lender with a Person

that is an Eligible Assignee in accordance with the terms of Section 8.07 (and the Lender being so replaced shall take all action as may be necessary to assign its rights and obligations under this Agreement to such Eligible Assignee) and (y) set off and otherwise apply the Obligation of the Borrower to make such payment to or for the account of such Defaulting Lender against the obligation of such Defaulting Lender to make such Defaulted Advance. If on any date the Borrower shall so set off and otherwise apply its Obligation to make any such payment against the obligation of such Defaulting Lender to make any such Defaulted Advance on or prior to such date, the amount so set off and otherwise applied by the Borrower shall constitute for all purposes of this Agreement and the other Loan Documents an Advance by such Defaulting Lender made on such date under the Facility pursuant to which such Defaulted Advance was originally required to have been made pursuant to Section 2.01. Such Advance shall be a Base Rate Advance and shall be considered, for all purposes of this Agreement, to comprise part of the Borrowing in connection with which such Defaulted Advance was originally required to have been made pursuant to Section 2.01, even if the other Advances comprising such Borrowing shall be Eurodollar Rate Advances on the date such Advance is deemed to be made pursuant to this subsection (a). The Borrower shall notify the Paying Agent at any time the Borrower exercises its right of set-off pursuant to this subsection (a) and shall set forth in such notice (A) the name of the Defaulting Lender and the Defaulted Advance required to be made by such Defaulting Lender and (B) the amount set off and otherwise applied in respect of such Defaulted Advance pursuant to this subsection (a). Any portion of such payment otherwise required to be made by the Borrower to or for the account of such Defaulting Lender that is paid by the Borrower, after giving effect to the amount set off and otherwise applied by the Borrower pursuant to this subsection (a), shall be applied by the Paying Agent as specified in subsection (b) or (c) of this Section 2.17.

(b) If at any one time (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Amount to the Paying Agent or any of the other Lenders and (iii) the Borrower shall make any payment hereunder or under any other Loan Document to the Paying Agent for the account of such Defaulting Lender, then the Paying Agent may, on its behalf or on behalf of such other Lenders and to the fullest extent permitted by applicable law, apply at such time the amount so paid by the Borrower to or for the account of such Defaulting Lender to the payment of each such Defaulted Amount to the extent required to pay such Defaulted Amount. If the Paying Agent shall so apply any such amount to the payment of any such Defaulted Amount on any date, the amount so applied by the Paying Agent shall constitute for all purposes of this Agreement and the other Loan Documents payment, to such extent, of such Defaulted Amount on such date. Any such amount so applied by the Paying Agent shall be retained by the Paying Agent or distributed by the Paying Agent to such other Lenders, ratably in accordance with the respective portions of such Defaulted Amounts payable at such time to the Paying Agent and such other Lenders and, if the amount of such payment made by the Borrower shall at such time be insufficient to pay all Defaulted Amounts owing at such time to the Paying Agent and the other Lenders, in the following order of priority:

(i) first, to the Paying Agent for any Defaulted Amount then owing to the Paying Agent; and

(ii) second, to any other Lenders for any Defaulted Amounts then owing to such other Lenders, ratably in accordance with such respective Defaulted Amounts then owing to such other Lenders.

Any portion of such amount paid by the Borrower for the account of such Defaulting Lender remaining after giving effect to the amount applied by the Paying Agent pursuant to this subsection (b) shall be applied by the Paying Agent as specified in subsection (c) of this Section 2.17.

(c) If at any one time (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall not owe a Defaulted Advance or a Defaulted Amount and (iii) the Borrower, the Paying Agent or any other Lender shall be required to pay or distribute any amount hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then the Borrower or such other Lender shall pay such amount to the Paying Agent to be held by the Paying Agent, to the fullest extent permitted by applicable law, in escrow or the Paying Agent shall, to the fullest extent permitted by applicable law, hold in escrow such amount otherwise held by it. Any funds held by the Paying Agent in escrow under this subsection (c) shall be deposited by the Paying Agent in an account with Citibank, in the name and under the control of the Paying Agent, but subject to the provisions of this subsection (c). The terms applicable to such account, including the rate of interest payable with respect to the credit balance of such account from time to time, shall be Citibank's standard terms applicable to escrow accounts maintained with it. Any interest credited to such account from time to time shall be held by the Paying Agent in escrow under, and applied by the Paying Agent from time to time in accordance with the provisions of, this subsection (c). The Paying Agent shall, to the fullest extent permitted by applicable law, apply all funds so held in escrow from time to time to the extent necessary to make any Advances required to be made by such Defaulting Lender and to pay any amount payable by such Defaulting Lender hereunder and under the other Loan Documents to the Paying Agent or any other Lender, as and when such Advances or amounts are required to be made or paid and, if the amount so held in escrow shall at any time be insufficient to make and pay all such Advances and amounts required to be made or paid at such time, in the following order of priority:

(i) first, to the Paying Agent for any amount then due and payable by such Defaulting Lender to the Paying Agent hereunder;

(ii) second, to any other Lenders for any amount then due and payable by such Defaulting Lender to such other Lenders hereunder, ratably in accordance with such respective amounts then due and payable to such other Lenders; and

(iii) third, to the Borrower for any Advance then required to be made by such Defaulting Lender pursuant to a Commitment of such Defaulting Lender.

In the event that such Defaulting Lender shall, at any time, cease to be a Defaulting Lender, any funds held by the Paying Agent in escrow at such time with respect to such Defaulting Lender shall be distributed by the Paying Agent to such Defaulting Lender and applied by such Defaulting Lender to the Obligations owing to such Lender at such time under this Agreement and the other Loan Documents ratably in accordance with the respective amounts of such Obligations outstanding at such time.

(d) The rights and remedies against a Defaulting Lender under this Section 2.17 are in addition to other rights and remedies that the Borrower may have against such Defaulting Lender with respect to any Defaulted Advance and that the Paying Agent or any Lender may have against such Defaulting Lender with respect to any Defaulted Amount.

SECTION 2.18. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Paying Agent) to the effect that a promissory note or other evidence of indebtedness is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Note, payable to the order of such Lender in a principal amount equal to the Commitment of such Lender.

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

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

(d) References herein to Notes shall mean and be references to Revolving Credit Notes to the extent issued hereunder.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) There shall have occurred no Material Adverse Change since February 1, 1997. Nothing shall have come to the attention of the Lenders during the course of their due diligence investigation to lead them to believe that the Information Memorandum was or has become misleading, incorrect or incomplete in any material respect. Without limiting the generality of the foregoing, the Lenders shall have been given such access to the management, records, books of account, contracts and properties of the Borrower and its Subsidiaries as they shall have reasonably requested.

(b) There shall exist no action, suit, investigation,

litigation or proceeding affecting the Borrower or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

(c) All amounts owing under the Existing Credit Agreement shall have been paid in full in cash (or otherwise satisfied in accordance with the terms of the Five Year Credit Agreement) and all Commitments (as defined in the Existing Credit Agreement) shall have been terminated.

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

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

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

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

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

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

(i) The Revolving Credit Notes to the order of each of the Lenders that have requested Revolving Credit Notes prior to the Effective Date.

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the Notes, and of all documents (including, without limitation, charters and bylaws) evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and the Notes.

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

(iv) A favorable opinion of Jones, Day, Reavis & Pogue, counsel for the Borrower, substantially in the form of Exhibit D hereto and as to such other matters as any Lender through the Paying Agent may reasonably request.

(v) A favorable opinion of Dennis J. Broderick, General Counsel for the Borrower, in form and substance satisfactory to the Paying Agent.

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

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

(i) the representations and warranties contained in Section 4.01 are correct on and as of the date of such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Borrowing, in which case as of such specific date; and

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

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

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Paying Agent shall promptly notify the Lenders of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

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

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

(b) The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents, and the consummation of the transactions contemplated hereby and thereby, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) law or any contractual restriction binding on or affecting the Borrower.

(c) No authorization or approval or other action by,

and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower of this Agreement or any other Loan Document except for the authorizations, approvals, actions, notices and filings listed on Schedule 4.01(c) hereto, all of which have been duly obtained, taken, given or made and are in full force and effect.

(d) This Agreement has been, and each of the other Loan Documents when delivered hereunder will have been, duly executed and delivered by the Borrower. This Agreement is, and each of the other Loan Documents when delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms.

(e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at February 1, 1997, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the Fiscal Year then ended, accompanied by an opinion of KPMG Peat Marwick LLP, independent public accountants, and the Consolidated balance sheet of the Borrower and its Subsidiaries as at May 3, 1997, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the three months then ended, duly certified by the chief financial officer of the Borrower, copies of which have been furnished to each Lender, fairly present, subject, in the case of said balance sheet as at May 3, 1997, and said statements of income and cash flows for the three months then ended, to year-end audit adjustments, the Consolidated financial condition of the Borrower and its Subsidiaries as at such dates and the Consolidated results of the operations of the Borrower and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since February 1, 1997, there has been no Material Adverse Change.

(f) There is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

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

(h) The Borrower is not (i) an "investment company", within the meaning of the Investment Company Act of 1940, as amended or (ii) a "holding company", as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935, as amended.

(i) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan that has resulted in or is reasonably expected to result in a material liability to the Borrower or any ERISA Affiliate.

(j) As of the last annual actuarial valuation date, the funded current liability percentage, as defined in Section 302(d)(8) of ERISA, of each Plan exceeds 90% and there has been no material adverse change in the funding status of any such Plan since such date.

(k) Neither the Borrower nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan that could be reasonably expected to result in a material liability of the Borrower or any ERISA Affiliate.

(l) Neither the Borrower nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA which reorganization or termination could be reasonably expected to result in a material liability of the Borrower or any ERISA Affiliate, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA which reorganization or termination could be reasonably expected to result in a material liability of the Borrower or any ERISA Affiliate.

(m) Except as set forth in the financial statements referred to in this Section 4.01 and in Section 5.01(h), the Borrower and its Subsidiaries have no material liability with respect to "expected post retirement benefit obligations" within the meaning of Statement of Financial Accounting Standards No. 106.

ARTICLE V

COVENANTS OF THE BORROWER

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

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such to include, without limitation, compliance with ERISA and Environmental Laws except, in any case, where the failure so to comply, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim (x) that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors and (y) if such non-payments, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates except where failure to maintain such insurance could not be reasonably expected to have a Material Adverse Effect.

(d) Preservation of Corporate Existence, Etc.

Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory), permits, licenses, approvals, privileges and franchises, except, with respect to such rights, permits, licenses, approvals, and privileges, where the failure to do so could not be reasonably expected to have a Material Adverse Effect; provided, however, that the Borrower and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(b) and provided further that neither the Borrower nor any of its Subsidiaries shall be required to preserve or maintain (i) the corporate existence of any Minor Subsidiary if the Board of Directors of the parent of such Minor Subsidiary, or an executive officer of such parent to whom such Board of Directors has delegated the requisite authority, shall determine that the preservation and maintenance thereof is no longer desirable in the conduct of the business of such parent and that the loss thereof is not disadvantageous in any material respect to the Borrower, such parent, the Agents or the Lenders or (ii) any right, permit, license, approval or franchise if the Board of Directors of the Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower, such Subsidiary, the Agents or the Lenders.

(e) Visitation Rights. At any reasonable time and from time to time, (i) permit any Agent or any of the Lenders or any agents or representatives thereof, (x) to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and (y) to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants, provided, however, that with respect to the Lenders and their rights described in clause (x) above, so long as no Event of Default shall have occurred and be continuing, such Lenders shall exercise rights at the same time (such time to be arranged by the Paying Agent with the Borrower) and (ii) take such action as may be necessary to authorize its independent certified public accountants to disclose to the Persons described in clause (i) above any and all financial statements and other information of any kind, including, without limitation, copies of any management letter, or the substance of any information that such accountants may have with respect to the business, financial condition or results of operations of the Borrower or any of its Subsidiaries.

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

(g) Maintenance of Properties, Etc. Except as otherwise permitted pursuant to Section 5.02(e), or where the failure to do so, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect, maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 45 days after the end of each of the first three

quarters of each Fiscal Year, Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer of the Borrower as having been prepared in accordance with generally accepted accounting principles and certificates of the chief financial officer of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the then applicable Public Debt Ratings and Interest Coverage Ratio and the calculations necessary to demonstrate compliance with Section 5.03, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(ii) as soon as available and in any event within 90 days after the end of each Fiscal Year, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing a Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such Fiscal Year, in each case accompanied by an opinion acceptable to the Required Lenders by KPMG Peat Marwick LLP or other independent public accountants acceptable to the Required Lenders and certificates of the chief financial officer of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the then applicable Public Debt Ratings and Interest Coverage Ratio and the calculations necessary to demonstrate compliance with Section 5.03, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(iii) as soon as possible and in any event within five days after any Responsible Officer becomes aware of the occurrence of each Default and each event, development or circumstance that has or could reasonably be expected to have a Material Adverse Effect in each case continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Default, event, development or other circumstance (including, without limitation, the anticipated effect thereof) and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of the holders of any class of its outstanding securities, and copies of all reports and registration statements (in the form in which such registration statements become effective), other than registration statements on Form S-8 or any successor form thereto, that the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange;

(v) promptly after the commencement thereof, notice of all actions and proceedings before any court,

governmental agency or arbitrator affecting the Borrower or any of its Subsidiaries of the type described in Section 4.01(f);

(vi) as soon as possible, and in any event within five Business Days after any change in the then applicable Public Debt Rating, a certificate of the chief financial officer of the Borrower setting forth such Public Debt Rating; and

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

(i) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and no less favorable to the Borrower or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate, other than, so long as no Default has occurred and is continuing, transactions in the ordinary course of business between or among the Borrower and any of its Subsidiaries if such transaction could not reasonably be expected to have a Material Adverse Effect.

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

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or sign or file, or permit any of its Subsidiaries to sign or file, under the Uniform Commercial Code of any jurisdiction, a financing statement that names the Borrower or any of its Subsidiaries as debtor, or sign, or permit any of its Subsidiaries to sign, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Subsidiaries to assign, any accounts or other right to receive income, excluding, however, from the operation of the foregoing restrictions the following:

(i) Liens created under the Five Year Credit Agreement;

(ii) Permitted Liens;

(iii) the Liens existing on the date hereof and described on Schedule 5.02(a) hereto;

(iv) purchase money Liens upon or in real property or equipment acquired or held by the Borrower or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of any such property or equipment to be subject to such Liens, or Liens existing on any such property or equipment at the time of acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property or equipment), or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any properties of any character other than the real

property or equipment being acquired, constructed or improved (except that Liens incurred in connection with the construction or improvement of real property may extend to additional real property immediately contiguous to such property being constructed or improved) and no such extension, renewal or replacement shall extend to or cover any such properties not theretofore subject to the Lien being extended, renewed or replaced;

(v) Liens arising in connection with Capitalized Leases permitted under Section 5.02(d)(vii); provided that no such Lien shall extend to or cover any assets other than the assets subject to such Capitalized Leases;

(vi) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower or becomes a Subsidiary of the Borrower; provided that such Liens (other than replacement Liens permitted under clause (xi) below) were not created in contemplation of such merger, consolidation or investment and do not extend to any assets other than those of the Person merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary;

(vii) Liens on accounts receivable and other related assets arising solely in connection with the sale or other disposition of such accounts receivable pursuant to Section 5.02(e)(ii);

(viii) Liens securing Documentary L/Cs; provided that no such Lien shall extend to or cover any assets of the Borrower or any of its Subsidiaries other than the inventory (and bills of lading and other documents related thereto) being financed by any such Documentary L/C;

(ix) Liens in respect of goods consigned to the Borrower or any of its Subsidiaries in the ordinary course of business; provided that such Liens are limited to the goods so consigned;

(x) financing statements filed in the ordinary course of business solely for notice purposes in respect of operating leases and in-store retail licensing arrangements entered into in the ordinary course of business;

(xi) Liens securing Debt incurred by the Borrower or its Subsidiaries, in an aggregate amount at any time outstanding not to exceed \$250,000,000; and

(xii) the replacement, extension or renewal of any Lien permitted by clause (iii), (v) or (vi) above upon or in the same property theretofore subject thereto or, in the case of Liens on real property and related personal property of the Borrower or any of its Subsidiaries, upon or in substitute property of like kind of the Borrower or such Subsidiary, as the case may be, determined in good faith by the Board of Directors of the Borrower or such Subsidiary to be of the same or lesser value than the property theretofore subject thereto, or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

(b) Mergers, Etc. Merge or consolidate with or into any Person, or permit any of its Material Subsidiaries to do so, except that (i) any Subsidiary of the Borrower may merge

or consolidate with or into any other Subsidiary of the Borrower, (ii) any Subsidiary of the Borrower may merge into the Borrower and the Borrower may merge with any other Person so long as the Borrower is the surviving corporation and (iii) in connection with any acquisition, any Subsidiary of the Borrower may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it, so long as the Person surviving such merger shall be a Subsidiary of the Borrower, provided, in each case, that no Event of Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

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

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

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

(ii) in the case of FDS National Bank, Debt owed to the Borrower and incurred in connection with the financing of accounts receivable in an aggregate principal amount not to exceed \$200,000,000 at any time outstanding;

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

(iv) Debt secured by Liens permitted by Section 5.02(a)(iv) aggregating not more than \$75,000,000 at any one time outstanding;

(v) unsecured Debt incurred in the ordinary course of business aggregating for all of the Borrower's Subsidiaries not more than \$150,000,000 at any one time outstanding;

(vi) indorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(vii) Capitalized Leases not to exceed in the aggregate \$100,000,000 at any time outstanding;

(viii) Debt secured by Liens permitted pursuant to Section 5.02(a)(xi);

(ix) Debt incurred in connection with the sale or other disposition of accounts receivable pursuant to Section 5.02(e)(ii) arising in connection with the Receivables Financing Facility, including, without limitation, Debt consisting of indemnification obligations of the Borrower's Subsidiaries and the Borrower's guaranty thereof and Debt in respect of Hedge Agreements, provided that such Hedge Agreements shall be non-speculative in nature (including, without limitation, with respect to the term and purpose thereof);

(x) Debt in respect of Documentary L/Cs in an aggregate face amount not to exceed \$250,000,000 at any time; and

(xi) Debt of any Person that becomes a Subsidiary of the Borrower after the date hereof that is existing at the time such Person becomes a Subsidiary of the Borrower (other than Debt incurred solely in contemplation of such Person becoming a Subsidiary of the Borrower) and any Debt extending the maturity of, or refunding or refinancing, such Debt, in whole or in part, provided that the principal amount of such Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing.

(e) Sales, Etc. of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets or grant any option or other right to purchase, lease or otherwise acquire any assets, except (i) sales of assets for fair value, provided that the aggregate value of assets sold, leased, transferred or otherwise disposed of pursuant to this clause during the term of this Agreement shall not be greater than 20% of the value of the total Tangible Assets of the Borrower and its Subsidiaries on a Consolidated basis as of February 1, 1997 (as shown on the Consolidated balance sheet of the Borrower and its Subsidiaries on such date), and (ii) the sale or other disposition of accounts receivable and related charge accounts in the ordinary course of business of the Borrower and its Subsidiaries pursuant to the Receivables Financing Facility and the sale of certain accounts receivable to General Electric Capital Corporation.

(f) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of its business as carried on at the date hereof, except where such change could not be reasonably expected to have a Material Adverse Effect.

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

(a) Leverage Ratio. Maintain at the end of each Measurement Period a Leverage Ratio not greater than 0.62 to 1.0.

(b) Interest Coverage Ratio. Maintain at the end of each Measurement Period an Interest Coverage Ratio of at least 3.25 to 1.0.

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d), (e), (h) or (i), 5.02 (other than, with respect to Section 5.01(h) and 5.02(a), to the extent described in clause (ii) below) or 5.03, or (ii) the Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.02(a) (solely with respect to the imposition of non-consensual Liens) or Section 5.01(h)(i) or (ii) if such failure shall remain unremedied for 10 days or (iii) the Borrower shall fail to perform any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 20 days after the earlier of the date on which (A) a Responsible Officer of the Borrower becomes aware of such failure or (B) written notice thereof shall have been given to the Borrower by the Paying Agent or any Lender; or

(d) The Borrower or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least \$30,000,000 (or its equivalent in any Alternative Currency) in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

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

(f) Any judgment or order for the payment of money in

excess of \$30,000,000 (or its equivalent in any Alternative Currency) shall be rendered against the Borrower or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 20 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; provided, however, that any such judgment or order shall only be an Event of Default under this Section 6.01(f) if and to the extent that the amount of such judgment or order not covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof exceeds \$30,000,000 so long as such insurer, which shall be rated at least "A" by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order; or

(g) Any non-monetary judgment or order shall be rendered against the Borrower or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 20 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 50% or more of the combined voting power of all Voting Stock of the Borrower; or (ii) during any period of up to 24 consecutive months, commencing before or after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of the Borrower (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Borrower was approved by a majority 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) shall cease for any reason to constitute a majority of the board of directors of the Borrower; or (iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, control over the management and policies of the Borrower; or

(i) any ERISA Event shall have occurred with respect to a Plan and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Borrower and its ERISA Affiliates related to such ERISA Event) exceeds \$30,000,000; or

(j) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$30,000,000 or requires payments exceeding \$5,000,000 per annum; or

(k) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being

terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding \$5,000,000; or

(l) any provision of any Loan Document after delivery thereof pursuant to Section 3.01 shall for any reason cease to be valid and binding on or enforceable against the Borrower, or the Borrower shall so state in writing;

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

ARTICLE VII

THE AGENTS

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to such Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Notes), no Agent shall be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that no Agent shall be required to take any action that exposes such Agent to personal liability or that is contrary to this Agreement or applicable law. Each Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. No Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, each Agent: (i) may treat the payee of any Note as the holder thereof until the Paying Agent receives and accepts an Assumption Agreement entered into by an Assuming Lender as provided in Section 2.15, or an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an Eligible Assignee, as

assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with the Loan Documents; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Loan Document on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citibank, Chase and Affiliates. With respect to their Commitments, the Advances made by them and the Note issued to them, Citibank and Chase shall have the same rights and powers under the Loan Documents as any other Lender and may exercise the same as though they were not the Agents; and the terms "Lender" or "Lenders" and "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank and Chase in their individual capacities. Citibank, Chase and their Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank and Chase were not the Agents and without any duty to account therefor to the Lenders.

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

SECTION 7.05. Indemnification. Each Lender severally agrees to indemnify the Agents, the Syndication Agent and the Documentation Agent (to the extent not promptly reimbursed by the Borrower) from and against such Lender's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits or costs or reasonable expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Agent, Syndication or Documentation Agent, as the case may be, in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Agent, Syndication or Documentation Agent, as the case may be, under the Loan Documents; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of any Agent, Syndication or Documentation Agent, as the case may be. Without limitation of the foregoing, each Lender agrees to reimburse each Agent, the Syndication Agent and the Documentation Agent promptly upon demand for its ratable

share of any reasonable costs and expenses (including, without limitation, reasonable fees and expenses of counsel) payable by the Borrower under Section 8.04, to the extent that such Agent, Syndication or Documentation Agent, as the case may be, is not promptly reimbursed for such costs and expenses by the Borrower. For purposes of this Section 7.05(a), the Lender Parties' respective ratable shares of any amount shall be determined, at any time, according to the sum of (a) the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lenders, and (b) their respective Unused Revolving Credit Commitments at such time. In the event that any Defaulted Advance shall be owing by any Defaulting Lender at any time, such Lender's Commitment with respect to the Facility under which such Defaulted Advance was required to have been made shall be considered to be unused for purposes of this Section 7.05(a) to the extent of the amount of such Defaulted Advance. The failure of any Lender to reimburse any Agent, Syndication or Documentation Agent, as the case may be, promptly upon demand for its ratable share of any amount required to be paid by the Lenders to any Agent, Syndication or Documentation Agent, as the case may be, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent, Syndication or Documentation Agent, as the case may be, for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent, Syndication or Documentation Agent, as the case may be, for such other Lender's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 7.05(a) shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

SECTION 7.06. Successor Agents. Either Administrative Agent or the Paying Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Administrative Agent or Paying Agent, as the case may be, subject, so long as no Default shall have occurred and be continuing, to the consent of the Borrower (which consent shall not be unreasonably withheld or delayed). If no successor Administrative Agent or Paying 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 or Paying Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Administrative Agent or Paying Agent, then the retiring Administrative Agent or Paying Agent may, on behalf of the Lenders, appoint a successor Administrative Agent or Paying Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$1,000,000,000. Upon the acceptance of any appointment as Administrative Agent or Paying Agent hereunder by a successor Administrative Agent or Paying Agent, such successor Administrative Agent or Paying Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent or Paying Agent, and the retiring Administrative Agent or Paying Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's or Paying Agent's resignation or removal hereunder as Administrative Agent or Paying Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent or Paying Agent under this Agreement.

ARTICLE VIII

MISCELLANEOUS

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

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic or telex communication) and mailed, telecopied, telegraphed, telexed or delivered, if to the Borrower, at its address at 7 West Seventh Street, Cincinnati, Ohio 45202, Attention: Chief Financial Officer, with a copy to General Counsel; if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if Citibank in its capacity as Paying Agent or Administrative Agent, at its address at 2 Penns Way, Suite 200, New Castle, Delaware 19720, Attention: Leonard Sarcona, Loan Syndications, with a copy to 399 Park Avenue, New York, New York 10043 Attention: Allen Fisher; or, as to the Borrower, the Paying Agent or such Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Paying Agent. All such notices and communications shall, (a) when mailed, be effective three Business Days after the same is deposited in the mails, (b) when mailed for next day delivery by a reputable freight company or reputable overnight courier service, be effective one Business Day thereafter, and (c) when sent by telegraph, telecopier or telex, be effective when the same is confirmed by telephone, telecopier confirmation or return telecopy or telex answerback, respectively, except that notices and communications to the Paying Agent pursuant to Article II, III or VII shall not be effective until received by the Paying Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

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

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay on demand all costs and expenses of the Paying

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

(b) The Borrower agrees to indemnify and hold harmless the Agents and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Loan Documents, any of the transactions contemplated thereby or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. The Borrower also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Borrower or any of its security holders or creditors arising out of, related to or in connection with the Facilities, the actual or proposed use of the Advances, the Loan Documents or any of the transactions contemplated thereby, except (a) to the extent that such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct and (b) for direct, as opposed to consequential, damages for breach of the Indemnified Parties' obligations hereunder.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.07(d) or (e), 2.09 or 2.11, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than

on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by the Borrower pursuant to Section 8.07(a), the Borrower shall, upon demand by such Lender (with a copy of such demand to the Paying Agent), pay to the Paying Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) If the Borrower fails to pay when due any costs, expenses or other amounts payable by it under any Loan Document, including, without limitation, reasonable fees and expenses of counsel and indemnities, such amount may be paid on behalf of the Borrower by the Paying Agent or any Lender, in its sole discretion.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.11, 2.14 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agents to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

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

SECTION 8.07. Assignments and Participations. (a) Each Lender may, and if demanded by the Borrower (following a demand by such Lender pursuant to Section 2.10) upon at least ten Business Days' notice to such Lender and the Paying Agent will, assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Revolving Credit Advances owing to it and the Revolving Credit Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and

obligations under this Agreement, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof, (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by the Borrower pursuant to this Section 8.07(a) shall be arranged by the Borrower after consultation with the Paying Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (v) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, and (vi) the parties to each such assignment shall execute and deliver to the Paying Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Revolving Credit Note subject to such assignment and a processing and recordation fee of \$3,000.

(b) Upon the execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under any Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon any Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to

make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agents to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agents by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

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

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

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

case to the extent subject to such participation.

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

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

SECTION 8.08. Confidentiality. None of the Agents or any Lender shall disclose any Confidential Information to any Person without the written consent of the Borrower, other than (a) to such Agent's or such Lender's Affiliates to whom disclosure is required to enable any such Agent or Lender to perform its obligations under this Agreement or in connection with the administration or monitoring of the Loan Documents by such Agent or Lender and their officers, directors, employees, agents, representatives and advisors and to actual or prospective Eligible Assignees and participants, and that, in each case, are advised of the confidential nature of such Confidential Information, (b) as required by any law, rule or regulation or judicial process and (c) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking.

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

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

SECTION 8.11. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under the Notes in any currency (the "Original Currency") into another currency (the "Other Currency") the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Paying Agent could purchase the Original Currency with the Other Currency at 9:00 A.M. (New York City time) on the first Business Day preceding that on which final judgment is given.

(b) The obligation of the Borrower in respect of any sum due in the Original Currency from it to any Lender or the Paying Agent hereunder shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Paying Agent (as the case may be) of any sum adjudged to be so due in such Other Currency such Lender or the Paying Agent (as the case may be) may in accordance with normal banking procedures purchase Dollars with such Other Currency; if the amount of the Original Currency so purchased is less than the sum originally due to such Lender or the Paying Agent (as the case may be) in the Original

Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Paying Agent (as the case may be) against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to any Lender or the Paying Agent (as the case may be) in the Original Currency, such Lender or the Paying Agent (as the case may be) agrees to remit to the Borrower such excess.

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

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

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

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

FEDERATED DEPARTMENT STORES, INC.,
as Borrower

By: /s/ Ronald W. Tysoe
Title: Vice Chairman and Chief
Financial Officer

CITIBANK, N.A.,
as Paying Agent, as Administrative
Agent, as Initial Lender and as
Initial Issuing Bank

By: /s/ Allen Fisher
Title: Vice President - Attorney-in-Fact

THE CHASE MANHATTAN BANK,
as Administrative Agent, as Initial
Lender and as Initial Issuing Bank

By: /s/ Ellen Gertz
Title: Vice President

BANKBOSTON, N.A.,
as Syndication Agent and as
Initial Lender

By: /s/ Judith C E Kelly
Title: Vice President

THE BANK OF AMERICA, National Trust
& Savings Association, as
Documentation Agent and as
Initial Lender

By: /s/ Sandra S. Ober
Title: Vice President

Additional Initial Lenders

ARAB BANK PLC, GRAND CAYMAN

By: /s/ Backer Ali
Name: Backer Ali
Title: Vice President
and Controller

THE ASAHI BANK, LTD.

By: /s/ Douglas E. Price
Name: Douglas E. Price
Title: Senior Vice
President

PT. BANK NEGARA INDONESIA (PERSERO)

By: /s/ Dewa Suthapa
Name: Dewa Suthapa
Title: General Manager

BANK OF MONTREAL

By: /s/ DW Rourke
Name: DW Rourke
Title: Director

THE BANK OF NEW YORK

By: /s/ Paula M. DiPonzio
Name: Paula M. DiPonzio
Title: Vice President

BANK ONE, N.A.

By: /s/ Kevin T. McConnell
Name: Kevin T. McConnell
Title: Vice President

THE BANK OF TOKYO - MITSUBISHI LTD.,
CHICAGO BRANCH

By: /s/ Hajime Watanabe
Name: Hajime Watanabe
Title: Deputy General
Manager

BANQUE PARIBAS

By: /s/ Mary T. Finnegan
Name: Mary T. Finnegan
Title: Group Vice
President

By: /s/ John J. McCormick
Name: John J. McCormick, III
Title: Vice President

BARNETT BANK

By: /s/ Diane L. McLaughlin
Name: Diane L. McLaughlin
Title: Senior Vice President

CAISSE NATIONALE DE CREDIT AGRICOLE

By: /s/ Dean Balice
Name: Dean Balice
Title: Senior Vice President
Branch Manager

COMERICA BANK

By: /s/ Hugh G. Porter
Name: Hugh G. Porter
Title: Vice President

CREDIT SUISSE FIRST BOSTON

By: /s/ Chris T. Horgan
Name: Chris T. Horgan
Title: Vice President

By: /s/ Edward E. Barr
Name: Edward E. Barr
Title: Associate

THE FIFTH THIRD BANK

By: /s/ Andrew K. Havck
Name: Andrew K. Havck
Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Vincent R. Henchek
Name: Vincent R. Henchek
Title: Vice President

THE FIRST NATIONAL BANK OF MARYLAND

By: /s/ Carol A. Dalton
Name: Carol A. Dalton
Title: Vice President

FLEET NATIONAL BANK

By: /s/ Richard Seufert
Name: Richard Seufert
Title: Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By: /s/ Penelope J. B. Cox
Name: Penelope J. B. Cox
Title: Vice President

MELLON BANK, N.A.

By: /s/ Joan W. Bird
Name: Joan W. Bird
Title: Vice President

THE MITSUI TRUST & BANKING COMPANY, LTD.

By: /s/ Margaret Holloway
Name: Margaret Holloway
Title: Vice President and Manager

NATIONAL BANK OF KUWAIT

By: /s/ Muhamnad Kamal
Name: Muhamnad Kamal
Title: Executive Manager

By: /s/ Robert J. McNeill
Name: Robert J. McNeill
Title: Deputy Division Manager

PNC BANK, OHIO, NATIONAL ASSOCIATION

By: /s/ Bruce A. Kintner
Name: Bruce A. Kintner
Title: Vice President

THE SANWA BANK, LIMITED, NEW YORK BRANCH

By: /s/ Jean-Michel Fatovic
Name: Jean-Michel Fatovic
Title: Vice President

SOCIETE GENERALE, CHICAGO BRANCH

By: /s/ Paul Dalle Molle
Name: Paul Dalle Molle

Title: Regional Manager - Midwest

STANDARD CHARTERED BANK, N.A.

By: /s/ Kristina McDavid
Name: Kristian McDavid
Title: Vice President

By: /s/ David D. Cutting
Name: David D. Cutting
Title: Senior Vice President

STAR BANK, N.A.

By: /s/ Jane L. Lewis
Name: Jane L. Lewis
Title: Assistant Vice President

THE SUMITOMO BANK, LTD. NEW YORK BRANCH

By: /s/ Kazuyoshi Ogawa
Name: Kazuyoshi Ogawa
Title: Joint General Manager

SUNTRUST BANK CENTRAL FLORIDA, N.A.

By: /s/ Ronald K. Rueve
Name: Ronald K. Rueve
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Timothy P. Sterb
Name: Timothy P. Sterb
Title: Vice President

WACHOVIA BANK, N.A.

By: /s/ Holger B. Ebert
Name: Holger B. Ebert
Title: Vice President

SCHEDULE I

FEDERATED DEPARTMENT STORES, INC. 364-DAY CREDIT AGREEMENT
COMMITMENTS AND APPLICABLE LENDING OFFICES

Name of Initial Lender	Revolving Credit Commitment	Domestic Lending Office	Eurodollar Lending Office
Citibank, N.A.	\$46,875,000	Credit: 399 Park Avenue New York, NY 10043 Attn: Allen Fisher Phone: (212) 559-0293 Fax: (212) 793-3963 Administrative:	Credit: 399 Park Avenue New York, NY 10043 Attn: Allen Fisher Phone: (212) 559-0293 Fax: (212) 793-3963 Administrative:

2 Penns Plaza 2 Penns Plaza
Suite 200 Suite 200
New Castle, DE New Castle, DE 19720
19720 Attn: Leonard
Attn: Leonard Sarcona
Sarcona Phone: (718) 248-
Phone: (718) 248- 4536
4536 Fax: (718) 248-4844
Fax: (718) 248-4844

The Chase \$46,875,000 Credit: Credit:
Manhattan Bank 270 Park Avenue, 270 Park Avenue,
48th Fl. 48th Fl.
New York, NY New York, NY 10017
10017 Attn: Ellen Gertzog
Attn: Ellen Phone: (212) 270-
Gertzog 1539
Phone: (212) 270- Fax: (212) 270-5646
1539 Administrative:
Fax: (212) 270- One Chase Manhattan
5646 Plaza 8th Floor
Administrative: New York, NY 10081
One Chase Attn: Amy Labinger
Manhattan Plaza Phone: (212) 552-
8th Floor 4025
New York, NY 10081 Fax: (212) 552-7500
Attn: Amy Labinger
Phone: (212) 552-
4025
Fax: (212) 552-
7500

BankBoston, N.A. \$35,000,000 Credit: Credit:
100 Federal Street 100 Federal Street
Mail Stop 01-09-05 Mail Stop 01-09-05
Boston, MA 02106 Boston, MA 02106
Attn: Judy Kelly Attn: Judy Kelly
Phone: (617) 434- Phone: (617) 434-
5280 5280
Fax: (617) 434- Fax: (617) 434-6685
6685 Administrative:
Administrative: 100 Federal Street
100 Federal Street Mail Stop 01-21-
Mail Stop 01-21- 01
01 Boston, MA 02110
Boston, MA Attn: Michelle
02110 Taglione
Attn: Michelle Phone: (617) 434-
Taglione 4039
Phone: (617) Fax: (617) 434-
434-4039 6685
Fax: (617) 434-
6685

The Bank of \$35,000,000 Credit: Credit:
America, NT & SA 231 South LaSalle 231 South LaSalle
Street Street
Chicago, IL 60697 Chicago, IL 60697
Attn: Sandy Ober Attn: Sandy Ober
Phone: (312) 828- Phone: (312) 828-
1307 1307
Fax: (312) 987- Fax: (312) 987-0303
0303 Administrative:
Administrative: 231 So. LaSalle
231 South LaSalle Street
Street Chicago, IL
Chicago, IL 60697
60697 Attn: Sandra
Attn: Sandra Kramer
Kramer Phone: (312) 828-
Phone: (312) 6645
828-6645 Fax: (312) 987-
Fax: (312) 987- 5833

The Bank of New York	\$20,000,000	Credit:	Credit:
	One Wall Street,	One Wall Street,	
	22nd Floor	22nd Floor	
	New York, NY	New York, NY	10286
	10286	Attn: Paula DiPonzo	
	Attn: Paula	Phone: (212) 635-	
	DiPonzo	7867	
	Phone: (212) 635-	Fax: (212) 635-1483	
	7867	Administrative:	
	Fax: (212) 635-	One Wall Street,	
	1483	22nd Floor	
	Administrative:	New York, NY	
	One Wall Street,	10286	
	22nd Floor	Attn: Susan	
	New York, NY	Baratta	
	10286	Phone: (212) 635-	
	Attn: Susan	6761	
	Baratta	Fax: (212) 635-	
	Phone: (212)	6397	
	635-6761		
	Fax: (212) 635-		
	6397		

Credit Suisse	\$20,000,000	Credit:	Credit:
First Boston	11 Madison Ave.,	11 Madison Ave.,	
	21st Floor	21st Floor	
	New York, NY	New York, NY	10010
	10010	Attn: Chris Horgan	
	Attn: Chris Horgan	Phone: (212) 325-	
	Phone: (212) 325-	9157	
	9157	Fax: (212) 325-8309	
	Fax: (212) 325-	Administrative:	
	8309	11 Madison Ave.	
	Administrative:	New York, NY	10010
	11 Madison Ave.	Attn: Yvette	
	New York, NY	McQueen	
	10010	Phone: (212)	
	Attn: Yvette	Fax: (212)	
	McQueen		
	Phone: (212)		
	Fax: (212)		

Fleet National Bank	\$20,000,000	Credit:	Credit:
	One Federal Street	One Federal Street	
	MA OF 0320	MA OF 0320	
	Boston, MA 02110	Boston, MA 02110	
	Attn: Richard Seufert	Attn: Richard Seufert	
	Phone: (617) 346-0611	Phone: (617) 346-0611	
	Fax: (617) 346-0689	Fax: (617) 346-0689	
	Administrative:	Administrative:	
	One Federal Street	One Federal Street	
	MA OF 0308	MA OF 0308	
	Boston, MA 02110	Boston, MA 02110	
	Attn: Michael Araujo	Attn: Michael Araujo	
	Phone: (617) 346-0601	Phone: (617) 346-0601	
	Fax: (617) 346-0595	Fax: (617) 346-0595	

PNC Bank	\$20,000,000	Credit:	Credit:
	201 East 5th	201 East 5th Street	
	Street	Cincinnati, OH	
	Cincinnati, OH	45202	
	45202	Attn: John Taylor	
	Attn: John Taylor	Phone: (513) 651-	
	Phone: (513) 651-	8688	
	8688	Fax: (513) 651-8952	

Fax: (513) 651- Administrative:
 8952 201 E. 5th Street
 Administrative: Cincinnati, OH
 201 E. 5th Street 45202
 Cincinnati, OH Attn: Sandy
 45202 Wilson
 Attn: Sandy Phone:(513) 651-
 Wilson 8984
 Phone:(513) 651- Fax: (513) 651-
 8984 8952
 Fax: (513) 651-
 8952

Societe General \$20,000,000 Credit: Credit:
 181 West Madison 181 West Madison
 Street Street
 Suite 3400 Suite 3400
 Chicago, IL 60602 Chicago, IL 60602
 Attn: Eric Attn: Eric
 Bellaiche Bellaiche
 Phone: (312) 578- Phone: (312) 578-
 5015 5015
 Fax: (312) 578- Fax: (312) 578-5099
 5099 Administrative:
 Administrative: 181 West Madison
 181 West Madison Street
 Street Suite 3400
 Suite 3400 Chicago, IL 60602
 Chicago, IL 60602 Attn: Donna Benson
 Attn: Donna Benson Phone: (312) 578-
 Phone: (312) 578- 5112
 5112 Fax: (312) 578-5099
 Fax: (312) 578-
 5099

Sumitomo Bank \$20,000,000 Credit: Credit:
 U.S. Corporate U.S. Corporate
 Dept. Dept.
 277 Park Avenue, 277 Park Avenue,
 6th Floor 6th Floor
 New York, NY New York, NY 10172
 10172 Attn: Toivo Kiiver
 Attn: Toivo Kiiver Phone: (212) 224-
 Phone: (212) 224- 4119
 4119 Fax (212) 224-5188
 Fax (212) 224-5188 Administrative:
 Administrative: International
 International Finance Dept.
 Finance Dept. 277 Park Avenue,
 277 Park Avenue, 6th Floor
 6th Floor New York, NY 10172
 New York, NY Attn: Daria Soriano
 10172 Phone: (212) 224-
 Attn: Daria 4061
 Soriano Fax (212) 224-5192
 Phone: (212) 224-
 4061
 Fax (212) 224-5192

The Bank of \$16,250,000 Credit: Credit:
 Montreal 115 South LaSalle 115 South LaSalle
 Street Street
 13 West 13 West
 Chicago, IL 60603 Chicago, IL 60603
 Attn: Julia Attn: Julia Buthman
 Buthman Phone: (312) 750-
 Phone: (312) 750- 3491
 3491 Fax: (312) 750-1789
 Fax: (312) 750- Administrative:
 1789 115 South LaSalle
 Administrative: Street
 115 South LaSalle 11th Floor West
 Street Chicago, IL 60603

11th Floor West Attn: Neelan Duss
Chicago, IL 60603 Phone: (312) 750-
Attn: Neelan Duss 3852
Phone: (312) 750- Fax: (312) 750-6061
3852
Fax: (312) 750-
6061

The Bank of Tokyo- \$16,250,000 Credit: Credit:
Mitsubishi, Ltd., 227 W. Monroe 227 W. Monroe Street
Chicago Branch Street Suite 2300
Suite 2300 Chicago, IL 60606
Chicago, IL 60606 Attn: William J.
Attn: William J. Murray
Murray Phone: (312) 696-
Phone: (312) 696- 4553
4553 Fax: (312) 696-4535
Fax: (312) 696-4535 Administrative:
Administrative: 227 W. Monroe Street
227 W. Monroe Suite 2300
Street Chicago, IL 60606
Suite 2300 Attn: Julie Galligan
Chicago, IL 60606 Phone: (312) 696-
Attn: Julie 4711
Galligan Fax: (312) 696-4532
Phone: (312) 696-
4711
Fax: (312) 696-4532

Banque Paribas \$16,250,000 Credit: Credit:
787 Seventh Avenue 787 Seventh Avenue
New York, NY New York, NY 10019
10019 Attn: Mary Finnegan
Attn: Mary Phone: (212) 841-
Finnegan 2551
Phone: (212) 841- Fax: (212) 841-2333
2551 Administrative:
Fax: (212) 841- 787 Seventh Avenue
2333 New York, NY
Administrative: 10019
787 Seventh Avenue Attn: Terri
New York, NY Knuth
10019 Phone: (212) 841-
Attn: Terri 2229
Knuth Fax: (212) 841-
Phone: (212) 2217
841-2229
Fax: (212) 841-
2217

Mellon Bank, N.A. \$16,250,000 Credit: Credit:
One Mellon Bank One Mellon Bank
Center, Room 4535 Center, Room 4535
Pittsburgh, PA Pittsburgh, PA
15258-0001 15258-0001
Attn: Joan Bird Attn: Joan Bird
Phone: (412) 234- Phone: (412) 234-
7172 7172
Fax: (412) 236-1914 Fax: (412) 236-1914
Administrative: Administrative:
Three Mellon Bank Three Mellon Bank
Center, Room 2305 Center, Room 2305
Pittsburgh, PA Pittsburgh, PA
15259-0003 15259-0003
Attn: Greg Klino Attn: Greg Klino
Phone: (412) 234- Phone: (412) 234-
1867 1867
Fax: (412) 234-5049 Fax: (412) 234-5049

Sanwa Bank \$16,250,000 Credit: Credit:
55 East 52nd 55 East 52nd Street
Street New York, NY 10055

New York, NY Attn: Jean-Michel
 10055 Fatovic
 Attn: Jean-Michel Phone: (212) 339-
 Fatovic 6397
 Phone: (212) 339- Fax: (212) 754-1304
 6397 Administrative:
 Fax: (212) 754- 55 East 52nd Street
 1304 New York, NY 10055
 Administrative: Attn: Marlin Chin
 55 East 52nd Street Phone: (212)
 New York, NY 10055 339-6592
 Attn: Marlin Chin Fax: (212) 754-2368
 Phone: (212)
 339-65
 Fax: (212)
 754-2368

Caisse Nationale de Credit Agricole	\$12,500,000	Credit:	Credit:
	55 E. Monroe	55 E. Monroe	55 E. Monroe
	Street	Street	
	Suite 4700	Suite 4700	
	Chicago, IL	Chicago, IL	
	60603	60603	
	Attn: Ray	Attn: Ray	
	Falkenberg	Falkenberg	
	Phone: (312)	Phone: (312) 917-	
	917-7426	7426	
	Fax: (312) 372-	Fax: (312) 372-	
	3724	3724	
	Administrative:	Administrative:	
	55 E. Monroe	55 E. Monroe	
	Street	Street	
	Suite 4700	Suite 4700	
	Chicago, IL	Chicago, IL	
	60603	60603	
	Attn: James	Attn: James	
	Barrett	Barrett	
	Phone: (312)	Phone: (312) 917-	
	917-7429	7429	
	Fax: (312) 372-	Fax: (312) 372-	
	4421	4421	

First Chicago Bank	\$12,500,000	Credit:	Credit:
	One First	One First	
	National Plaza	National Plaza	
	Chicago, IL	Chicago, IL	
	60670	60670	
	Attn: Paul E.	Attn: Paul E.	
	Rigby	Rigby	
	Phone: (312)	Phone: (312) 732-	
	732-6132	6132	
	Fax: (312) 732-	Fax: (312) 732-	
	8587	8587	
	Administrative:	Administrative:	
	One First	One First	
	National Plaza	National Plaza	
	Chicago, IL	Chicago, IL	
	60670	60670	
	Attn: Mary Hart	Attn: Mary Hart	
	Phone: (312)	Phone: (312) 732-	
	732-6137	6137	
	Fax: (312) 732-	Fax: (312) 732-	
	2715	2715	

Morgan Guaranty Trust Company of New York	\$12,500,000	Credit:	Credit:
	60 Wall Street	60 Wall Street	
	New York, NY	New York, NY	10260-
	10260-0060	0060	
	Attn: Deborah	Attn: Deborah	
	Brodheim	Brodheim	
	Phone: (212) 648-	Phone: (212) 648-	
	8063	8063	
	Fax: (212) 648-	Fax: (212) 648-5018	

5018 Administrative:
 Administrative: 500 Stanton
 500 Stanton Christiana Ctr.
 Christiana Ctr. Newark, DE 19713-
 Newark, DE 19713- 2107
 2107 Attn: Vickie Fedele
 Attn: Vickie Phone: (302) 634-
 Fedele 4225
 Phone: (302) 634- Fax: (302) 634-1852
 4225
 Fax: (302) 634-
 1852

Standard Chartered Bank \$12,500,000 Credit: Credit:
 7 World Trade 7 World Trade
 Center Center
 27th Floor 27th Floor
 New York, NY New York, NY 10048
 10048 Attn: David Cutting
 Attn: David Phone: (212) 667-
 Cutting 0469
 Phone: (212) 667- Fax: (212) 667-0225
 0469 Administrative:
 Fax: (212) 667- 707 Wilshire Blvd.,
 0225 W-8-33
 Administrative: Los Angeles, CA
 707 Wilshire 90017
 Blvd., W-8-33 Attn: Qustanti
 Los Angeles, CA Shiber
 90017 Phone: (213) 614-
 Attn: Qustanti 5037
 Shiber Fax: (213) 614-4270
 Phone: (213) 614-
 5037
 Fax: (213) 614-
 4270

Wachovia Bank \$8,750,000 Credit: Credit:
 191 Peachtree 191 Peachtree
 Street, N.E. Street, N.E.
 28th Floor, GA- 28th Floor, GA-
 370 370
 Atlanta, GA Atlanta, GA
 30303 30303
 Attn: Michael Attn: Michael
 Ripps Ripps
 Phone: (404) Phone: (404) 332-
 332-5283 5283
 Fax: (404) 332- Fax: (404) 332-
 6898 6898
 Administrative: Administrative:
 191 Peachtree 191 Peachtree
 Street, N.E. Street, N.E.
 28th Floor, GA- 28th Floor, GA-
 370 370
 Atlanta, GA Atlanta, GA
 30303 30303
 Attn: Renee Attn: Renee
 Rhone Rhone
 Phone: (404) Phone: (404) 332-
 332-6261 6261
 Fax: (404) 332- Fax: (404) 332-
 6898 6898

Comerica Bank \$7,500,000 Credit: Credit:
 500 Woodward Ave. 500 Woodward Ave.
 MC 3268 MC 3268
 Detroit, MI 48226 Detroit, MI 48226
 Attn: Hugh Porter Attn: Hugh Porter
 Phone (313) 222- Phone (313) 222-
 6192 6192
 Fax: (312) 222- Fax: (312) 222-9514
 9514 Administrative:

Administrative: 500 Woodward Ave.
500 Woodward Ave. MC 3268
MC 3268 Detroit, MI 48226
Detroit, MI 48226 Attn: Beverly Jones
Attn: Beverly Phone (313) 222-
Jones 3805
Phone (313) 222- Fax: (312) 222-3351
3805
Fax: (312) 222-
3351

National Bank of Kuwait \$7,500,000 Credit: Credit:
299 Park Avenue 299 Park Avenue
New York, NY New York, NY 10171-
10171-0023 0023
Attn: Muhanned Attn: Muhanned
Kamal Kamal
Phone: (212) 303- Phone: (212) 303-
9828 9828
Fax: (212) 888- Fax: (212) 888-2958
2958 Administrative:
Administrative: 299 Park Avenue
299 Park Avenue New York, NY 10171-
New York, NY 0023
10171-0023 Attn: Jeff Ganter
Attn: Jeff Ganter (212) 303-9868
(212) 303-9868 (212) 888-2958
(212) 888-2958

Arab Bank PLC \$6,250,000 Credit: Credit:
520 Madison Ave. 520 Madison Ave.
New York, NY New York, NY 10022
10022 Attn: Khanh Vuong
Attn: Khanh Vuong Phone: (212) 715-
Phone: (212) 715- 9717
9717 Fax: (212) 593-4632
Fax: (212) 593- Administrative:
4632 520 Madison Ave.
Administrative: New York, NY 10022
520 Madison Ave. Attn: Justo Huapaya
New York, NY Phone: (212) 715-
10022 9713
Attn: Justo Huapaya Fax: (212) 593-4632
Phone: (212) 715-
9713
Fax: (212) 593-
4632

The Asahi Bank \$6,250,000 Credit: Credit:
One World Trade One World Trade
Center Center
60th Floor 60th Floor
New York, NY New York, NY
10048 10048
Attn: Wit Derby Attn: Wit Derby
Phone: (212) Phone: (212) 912-
912-7038 7038
Fax: (212) 432- Fax: (212) 432-
1135 1135
Administrative: Administrative:
One World Trade One World Trade
Center Center
60th Floor 60th Floor
New York, NY New York, NY
10048 10048
Attn: Lily Chan Attn: Lily Chan
Phone: (212) Phone: (212) 912-
912-7022 7022
Fax: (212) 432- Fax: (212) 432-
1135 1135

Bank One, N.A. \$6,250,000 Credit: Credit:
8044 Montgomery 8044 Montgomery

Road	Road
Suite 350	Suite 350
Cincinnati, OH	Cincinnati, OH
45236-5800	45236-5800
Attn: Kevin	Attn: Kevin
McConnell	McConnell
Phone: (513) 985-5017	Phone: (513) 985-5017
Fax: (513) 985-5030	Fax: (513) 985-5030
Administrative:	Administrative:
Administrative:	P.O. Box 710209
P.O. Box 710209	Columbus, OH 43271-0209
Columbus, OH	Attn: Jim Zook
43271-0209	Phone: (614) 248-6187
Attn: Jim Zook	Phone: (614) 248-6187
Phone: (614) 248-6187	Fax: (614) 248-5518
6187	
Fax: (614) 248-5518	

Barnett Bank	\$6,250,000	Credit:	Credit:
	50 N. Laurel Street	50 N. Laurel Street	
	17th Floor	17th Floor	
	Jacksonville, FL 32202	Jacksonville, FL 32202	
	Attn: Brad Harrell	Attn: Brad Harrell	
	Phone: (904) 791-5428	Phone: (904) 791-5428	
	Fax: (904) 791-7963	Fax: (904) 791-7963	
	Administrative:	Administrative:	
	100 Laura St., 5th Floor	100 Laura St., 5th Floor	
	Jacksonville, FL 32202	Jacksonville, FL 32202	
	Attn: Joyce Terrell	Attn: Joyce Terrell	
	Phone: (904) 791-7940	Phone: (904) 791-7940	
	Fax: (904) 791-7737	Fax: (904) 791-7737	
	7940		
	Fax: (904) 791-7737		

The Fifth-Third Bank	\$6,250,000	Credit:	Credit:
	38 Fountain Square Plaza	38 Fountain Square Plaza	
	Cincinnati, OH 45263	Cincinnati, OH 45263	
	Attn: Andy Hauck	Attn: Andy Hauck	
	Phone: (513) 579-4178	Phone: (513) 579-4178	
	Fax: (513) 579-5226	Fax: (513) 579-5226	
	Administrative:	Administrative:	
	38 Fountain Square Plaza	38 Fountain Square Plaza	
	Cincinnati, OH 45263	Cincinnati, OH 45263	
	Attn: Daniel Mullen	Attn: Daniel Mullen	
	Phone: (513) 579-4104	Phone: (513) 579-4104	
	Fax: (513) 579-4226	Fax: (513) 579-4226	

First National Bank of Maryland	\$6,250,000	Credit:	Credit:
	25 S. Charles Street	25 S. Charles Street	
	Baltimore, MD 21201	Baltimore, MD 21201	
	Attn: Andy Fish	Attn: Andy Fish	
	Phone: (410) 244-	Phone: (410) 244-	

244-4217 4217
Fax: (410) 244- Fax: (410) 244-
4294 4294
Administrative: Administrative:
25 S. Charles 25 S. Charles
Street Street
Baltimore, MD Baltimore, MD
21201 21201
Attn: Emilia Attn: Emilia
Schwartz Schwartz
Phone: (410) Phone: (410) 244-
244-4201 4201
Fax: (410) 244- Fax: (410) 244-
4294 4294

Star Bank \$6,250,000 Credit: Credit:
425 Walnut Street 425 Walnut Street
Cincinnati, OH Cincinnati, OH
45202 45202
Attn: Bill Goodwin Attn: Bill Goodwin
Phone: (513) 762- Phone: (513) 762-
8973 8973
Fax: (513) 762- Fax: (513) 762-2068
2068 Administrative:
Administrative: 425 Walnut Street
425 Walnut Street Cincinnati, OH
Cincinnati, OH 45202
45202 Attn: Tracy
Attn: Tracy Briede
Briede Phone: (513) 632-
Phone: (513) 4034
632-4034 Fax: (513) 632-
Fax: (513) 632- 3099
3099

SunTrust Bank, \$6,250,000 Credit: Credit:
Central Florida, 200 S. Orange Ave. 200 S. Orange Ave.
National MC 0-1043 MC 0-1043
Association Orlando, FL 32801 Orlando, FL 32801
Attn: Stephen L. Attn: Stephen L.
Leister Leister
Phone: (407) 237- Phone: (407) 237-
4705 4705
Fax: (407) 237-6894 Fax: (407) 237-6894
Administrative: Administrative:
200 S. Orange Ave. 200 S. Orange Ave.
MC 0-1043 MC 0-1043
Orlando, FL 32801 Orlando, FL 32801
Attn: Lois Keezel Attn: Lois Keezel
Phone: (407) 237- Phone: (407) 237-
4855 4855
Fax: (407) 237-6894 Fax: (407) 237-6894

Union Bank of \$6,250,000 Credit: Credit:
California, N.A. 350 California St., 350 California St.,
11th Fl. 11th Fl.
San Francisco, CA San Francisco, CA
94104 94104
Attn: Timothy P. Attn: Timothy P.
Streb, VP Streb, VP
Phone: (415) 705- Phone: (415) 705-
7021 7021
Fax: (415) 705-7085 Fax: (415) 705-7085
Administrative: Administrative:
350 California St., 350 California St.,
11th Fl. 11th Fl.
San Francisco, CA San Francisco, CA
94104 94104
Attn: Richard A. Attn: Richard A.
Sutter, VP Sutter, VP
Phone: (415) 705- Phone: (415) 705-
7090 7090

Fax: (415) 705-7085 Fax: (415) 705-7085

PT Bank Negara Indonesia \$2,500,000 Credit: Credit:
55 Broadway 55 Broadway
New York, NY New York, NY 10006
10006 Attn: Muhamed El-
Attn: Muhamed El- Shazay
Shazay Phone: (212) 943-
Phone: (212) 943- 4750
4750 Fax: (212) 344-5723
Fax: (212) 344- Administrative:
5723 55 Broadway
Administrative: New York, NY 10006
55 Broadway Attn: Monica
New York, NY Baccari
10006 Phone: (212) 943-
Attn: Monica 4750
Baccari Fax: (212) 344-5723
Phone: (212) 943-
4750
Fax: (212) 344-
5723

The Mitsui Trust \$2,500,000 Credit: Credit:
Banking Company, 190 South LaSalle 190 South LaSalle
Limited Street Street
Suite 1000 Suite 1000
Chicago, IL 60603 Chicago, IL 60603
Attn: Koichi Attn: Koichi
Yokoyama Yokoyama
Phone: (312) 201- Phone: (312) 201-
4704 4704
Fax: (312) 201-0593 Fax: (312) 201-0593
Administrative: Administrative:
1251 Ave. of the 1251 Ave. of the
Americas Americas
39th Floor 39th Floor
New York, NY 10281 New York, NY 10281
Attn: Edward Simnor Attn: Edward Simnor
Phone: (212) 790- Phone: (212) 790-
5361 5361
Fax: (212) 768-3100 Fax: (212) 768-3100

SCHEDULE 4.01(c)

Required Authorizations, Approvals, Actions, Notices and Filings

None.

SCHEDULE 5.02(a)

EXISTING LIENS

Liens and security interests granted in connection with the Debt referenced below, pursuant to the principal instructions below and other related security instruments and affecting the collateral identified below.

DEBT	PRINCIPAL INSTRUMENT	COLLATERAL
Note Monetization Facility	\$400 million May Note Promissory Note of May Department Stores dated May 3, 1988 ("May Note").	
Horne's Mortgage	Mortgage dated May 25, 1994 between Joseph Horne Co., Inc., Mortgagor (now known as Lazarus PA,	Lazarus (formerly Horne's) Pittsburgh, PA Greengate Mall, Greensburg, PA Millcreek Mall, Erie, PA

Inc.) and PNC Bank, Monroeville Mall,
 Ohio, National Monroeville, PA
 Association, South Hills Village,
 Mortgagee. Pittsburgh, PA

Capitalized Miscellaneous leases Miscellaneous real and
 Leases regarding real and personal property leased by
 personal property Borrower and its
 leased by Borrower subsidiaries.
 and its
 subsidiaries, which
 leases meet certain
 accounting criteria
 that requires that
 they be capitalized
 for accounting
 purposes only.

Accounts Amended and Restated Proprietary credit card
 Receivable Pooling and receivables arising out of
 Facility Servicing Agreement, the sale of merchandise and
 dated as of December services by department store
 15, 1992 among Prime subsidiaries of Federated
 Receivables that are transferred to
 Corporation, as Prime Credit Card Master
 Transferor, FDS Trust.
 National Bank, as
 Servicer, and
 Chemical Bank as
 Trustee of Prime
 Credit Card Master
 Trust.

DEBT PROPERTY ENCUMBERED

Loan from New York Life Deptford Mall, Almonesson-
 Insurance Company to Macy's Westville Road and Clements
 Secondary Real Estate, Inc. Bridge Road, New Jersey
 (First Mortgage)

Loan from Pearl Street to 100 Route 46, Wayne, New Jersey
 Macy's Secondary Real Estate, (First Mortgage)
 Inc.

Loan from CALPERS to Sanstoft 120 Stockton Street, San
 East Properties Corp. Francisco, California (First
 Mortgage)

Loan from Connecticut General Northridge Center, Salinas,
 Life Insurance Company to California store
 Broadway Stores, Inc. (First Mortgage)

Loan from Arizona State 1524 West 14th Street, Tempe,
 Retirement System to Broadway Arizona distribution center
 Stores, Inc. (First Mortgage)

Loan from Bank of America to 3634 Maryland Parkway
 Broadway Stores, Inc. Boulevard Mall, Las Vegas,
 Nevada store (First Mortgage)

675 Inland Center Drive, Inland
 Center, San Bernardino,
 California store (First
 Mortgage)

275 Fashion Valley Center, San
 Diego, California store (First
 Mortgage)

Loan from Principal Mutual 1600 North Kraemer Boulevard,

Life Insurance Company to Anaheim, California service
Broadway Stores, Inc. building (First Mortgage)

\$550,926,100.00 Loan to Macy's 151 Broad Street, Stamford,
Primary Real Estate, Inc. from Connecticut
Federated Noteholding
Corporation.

Christiana Mall, Newark,
Delaware

19501 Biscayne Boulevard, North
Miami, Florida

Georgia Square Mall, 3700
Atlanta Highway, Athens Georgia

Augusta Mall, Wrightsboro Road
and Bobby Jones Expressway,
Augusta, Georgia

1200 Cumberland Mall, Atlanta,
Georgia

Gwinnett Place, 2100 Pleasant
Hill Road, Duluth, Georgia

Macon Mall, 3661 Eisenhower
Parkway, Macon, Georgia

Northlake Mall, 4800 Briarcliff
Road, N.E., Atlanta, Georgia

180 Peachtree Street, Atlanta,
Georgia

150 Carnegie Way, N.W., Atlanta,
Georgia (Second Mortgage)

Perimeter Mall, 4400 Ashford-
Dunwoodie Road, Atlanta, Georgia

400 Shannon Mall, Union City,
Georgia

Southlake Mall, Morrow
Industrial Boulevard and
Jonesboro Road, Morrow, Georgia

White Marsh Mall, 8200 Perry
Hall Boulevard, Parksville,
Maryland

Cherry Hill Center, 514 Cherry
Hill, Cherry Hill, New Jersey

Deptford Mall, Almonesson-
Westville Road and Clements
Bridge Road, Deptford, New
Jersey (Second Mortgage)

Brunswick Square, Route 18, East
Brunswick Township, New Jersey

Woodbridge Road and Parsonage
Road, Menlo Park, New Jersey

Monmouth Mall, Eatontown Traffic
Circle, Eatontown, New Jersey

Ocean County Mall, 1201 Hooper
Avenue, Toms River, New Jersey

400 Quaker Bridge Mall,
Lawrenceville, New Jersey

Rockaway Town Square, Rockaway
Township, New Jersey

100 Route 46, Wayne, New Jersey
(Second Mortgage)

Herald Square, 151 West 34th
Street, New York, New York

Colonie Shopping Center, Wolf
Road and Route 5, Colonie, New
York

Kings Plaza Store, 5400 Avenue
U, Brooklyn, New York (Second
Mortgage)

400 Sunrise Mall, Massapequa,
New York

200 Nanuet Center, Nanuet, New
York

88-01 Queens Boulevard,
Elmhurst, New York

Roosevelt Field Shopping Center,
Garden Center, New York (Second
Mortgage)

100 Richmond Hill Road, Staten
Island, New York

Westchester County, 220 and 222
Main Street, New York

The Court at King of Prussia,
680 West DeKalb Pike, King of
Prussia, Pennsylvania

US Route 22 and McArthur Road,
Whitehall, Pennsylvania

Montgomeryville Mall, Route 309
and Route 202, North Wales,
Pennsylvania

2300 East Lincoln Highway,
Langhorne, Pennsylvania (Second
Mortgage)

Baltimore Pike and Sproul Road
Springfield, Pennsylvania

120 Stockton Street, San
Francisco, California (Mainstore
- East)
(Second Mortgage)

5832 Sunrise Boulevard, Citrus
Heights, California (Second
Mortgage)

Coddington Center, 900
Coddington Center, Santa Rosa,
California

Sunvalley Shopping Center, 1555
Willow Pass Road, Concord,

California

The Village at Corte Madera,
1800 Redwood Highway, Corte
Madera, California

2210 Tully Road, San Jose,
California (Second Mortgage)

Solano Mall, 1544 Travis
Boulevard, Fairfield, California

Fresno Fashion Square Shopping
Center, 4888 North Fresno
Street, Fresno, California

115 Hillsdale Mall, San Mateo,
California

2200 Hilltop Drive, Richmond,
California

500 Vintage Faire, Modesto,
California

100 Del Monte Shopping Center,
Monterey, California

200 Newpark Mall, Newark,
California

5140 Thornwood Drive, San Jose,
California

408 L Street, Sacramento,
California

800 Santa Rosa Plaza, Santa
Rosa, California

One Serramonte Center, Daly
City, California

3000 Stanford Shopping Center,
Palo Alto, California

5242 Pacific Avenue, Stockton,
California
(Second Mortgage)

1300 Stoneridge Mall,
Pleasanton, California

Town Center, 200 West Washington
Avenue, Sunnyvale, California

2801 Stevens Creek Road, San
Jose, California

Meadowood Mall Circle, 5100
Meadowood Circle, Reno, Nevada

Dallas Galleria, 13350 Dallas
Parkway, Dallas, Texas

2201 John Glenn Drive, Concord,
California

2838 South El Camino, San Mateo,
California

Schedule 5.02 (d) Existing Debt

(\$000) (estimated at July 28, 1997)

Receivables Backed Notes	1,894,800
PNC Mortgage (re: Horne's)	32,498
Tax Notes - Federated Ch. 11	3,408
Tax Notes - Macy Ch. 11 -- IRS	70,301
Non-IRS	20,705
Note Monetization debt	176,000
Other Real Estate Mortgages:	
Pearl Street	250 (A)
New York Life	3,941 (A)
CalPERS	9,622 (A)
Principal Mutual Life	8,630
Arizona State Retirement System	1,494 (A)
Connecticut General	1,764 (A)
Bank of America	19,865 (A)
Capitalized Leases	76,372
 Total	 2,319,650

(A) Scheduled for 100% prepayment August 1, 1997.

EXHIBIT A - FORM OF
REVOLVING CREDIT
PROMISSORY NOTE

U.S.\$ _____
_____, ____

Dated:

FOR VALUE RECEIVED, the undersigned, FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender") for the account of its Applicable Lending Office on the Revolver Termination Date, or if the Borrower has made a Term Loan Election pursuant to Section 2.05 of the Credit Agreement, on the Maturity Date (each as defined in the Credit Agreement referred to below) the aggregate principal amount of the Revolving Credit Advances (as defined below) owing to the Lender by the Borrower pursuant to the 364-Day Credit Agreement dated as of July 28, 1997 among the Borrower, the Lender and certain other lender parties party thereto, Citibank, N.A., as Administrative Agent and as Paying Agent for the Lender and such other lenders, The Chase Manhattan Bank, as Administrative Agent for the Lender and such other lenders, BankBoston, N.A., as Syndication Agent, and The Bank of America, National Trust & Savings Association, as Documentation Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) outstanding on the Revolver Termination Date, or if the Borrower has made a Term Loan Election pursuant to Section 2.05 of the Credit Agreement, on the Maturity Date.

The Borrower promises to pay interest on the unpaid principal amount of each Revolving Credit Advance from the date of such Revolving Credit Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Paying Agent, at 399 Park Avenue, New York, NY 10043, in same day funds. Each Revolving Credit Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Revolving Credit Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Revolving Credit Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Revolving Credit Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

FEDERATED DEPARTMENT STORES, INC.

By
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Paid or Prepaid Balance	Unpaid Principal	Notation Made By
------	----------------------	---	---------------------	---------------------

EXHIBIT B - FORM OF NOTICE OF REVOLVING CREDIT BORROWING

Citibank, N.A., as Paying Agent
for the Lenders party
to the Credit Agreement
referred to below
399 Park Avenue
New York, New York 10043

[Date]

Attention: Leonard Sarcona

Ladies and Gentlemen:

The undersigned, Federated Department Stores, Inc., refers to the 364-Day Credit Agreement dated as of July 28, 1997 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders party thereto, Citibank, N.A., as Paying Agent and as Administrative Agent for said Lenders, The Chase Manhattan Bank, as Administrative Agent for said Lenders, BankBoston, N.A., as Syndication Agent and The Bank of America, National Trust & Savings Association, as Documentation Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Revolving Credit Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Revolving Credit Borrowing (the "Proposed Revolving Credit Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Revolving Credit Borrowing is _____, ____.

(ii) The Type of Advances comprising the Proposed Revolving Credit Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Revolving Credit Borrowing is \$_____.

[(iv) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Revolving Credit Borrowing is _____ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Revolving Credit Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Revolving Credit Borrowing and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Proposed Revolving Credit Borrowing, in which case as of such specific date;

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

(C) the aggregate amount of the Proposed Revolving Credit Borrowing and all other Borrowings to be made on the same day under the Credit Agreement is within the aggregate amount of the Unused Revolving Credit Commitments of the Lenders less the Commercial Paper Set-Aside Amount.

Very truly yours,

FEDERATED DEPARTMENT STORES, INC.

By
Title:

EXHIBIT C - FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the 364-Day Credit Agreement dated as of July 28, 1997 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Federated Department Stores, Inc., a Delaware corporation (the "Borrower"), the Lenders (as defined in the Credit Agreement) party thereto, Citibank, N.A., as an administrative agent for the Lenders (in such capacity, an "Administrative Agent") and paying agent (in such capacity, the "Paying Agent") for the Lenders, The Chase Manhattan Bank, as an administrative agent (in such capacity, an "Administrative Agent"; the Administrative Agents and the Paying Agent being, collectively, the "Agents") for the Lenders, BankBoston, N.A., as syndication agent and The Bank of America, National Trust & Savings Association, as documentation agent. Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule I hereto agree as follows:

1. The Assignor hereby sells and assigns without recourse, except as to the representations and warranties made by it herein, to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof equal to the percentage interest specified on Schedule 1 hereto of all outstanding rights and obligations under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the Advances owing to the Assignee will be as set forth on Schedule 1 hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; and (iv) attaches the Revolving Credit Note held by the Assignor and requests that the Administrative Agent exchange such Revolving Credit Note for a new Revolving Credit Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new Revolving Credit Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitment retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has

received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon any Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to such Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vi) attaches any U.S. Internal Revenue Service forms required under Section 2.13 of the Credit Agreement.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Paying Agent for acceptance and recording by the Paying Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Paying Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Paying Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Paying Agent, from and after the Effective Date, the Paying Agent shall make all payments under the Credit Agreement and the Revolving Credit Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and facility fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Revolving Credit Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto

duly authorized as of the date specified thereon.

Schedule 1
to
Assignment and Acceptance

Percentage interest assigned: _____%

Assignee's Commitment: \$ _____

Aggregate outstanding principal amount of _____
Advances assigned: \$ _____

*[Principal amount of Revolving Credit Note payable to
Assignee: \$ _____]

**[Principal amount of Revolving Credit Note payable to
Assignor: \$ _____]

Effective Date***: _____, ____

[NAME OF ASSIGNOR], as Assignor

By
Title:

Dated: _____, ____

[NAME OF ASSIGNEE], as Assignee

By
Title:

Dated: _____, ____

Domestic Lending Office:
[Address]

Eurodollar Lending Office:
[Address]

* If requested by the Assignee

** If requested by the Assignor

*** This date should be no earlier than five Business Days after the
delivery of this Assignment and Acceptance to the Paying Agent.

Accepted [and Approved]* this
_____ day of _____, ____

CITIBANK, N.A., as Paying Agent

By
Title:

[Approved this _____ day
of _____, ____

FEDERATED DEPARTMENT STORES, INC.

By _____]*
Title:

* Required if the Assignee is an Eligible Assignee solely by reason

of clause (iii) of the definition of "Eligible Assignee".

EXHIBIT D - FORM OF
OPINION OF COUNSEL
FOR THE BORROWER

July 28, 1997

To: The Lender Parties party to each Credit Agreement referred to below and to Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, BankBoston, N.A., as Syndication Agent, and Bank of America National Trust and Savings Association, as Documentation Agent

Re: Federated Department Stores, Inc.

Ladies and Gentlemen:

We have acted as special counsel for Federated Department Stores, Inc., a Delaware corporation (the "Borrower"), in connection with each Credit Agreement dated as of July 28, 1997 (collectively, the "Credit Agreements"), among the Borrower, the Lender Parties (as defined in the Credit Agreements), Citibank, N.A., as administrative agent and paying agent for the Lender Parties, The Chase Manhattan Bank, as administrative agent for the Lender Parties, BankBoston, N.A., as syndication agent, and Bank of America National Trust and Savings Association, as documentation agent. This letter is delivered to you pursuant to Section 3.01(g)(iv) of the Credit Agreements. Capitalized terms used in this letter and not otherwise defined have the meanings assigned to such terms in the Credit Agreements. With your permission, all assumptions and statements of reliance in this letter have been made without any independent investigation or verification on our part except to the extent otherwise expressly stated and we express no opinion with respect to the subject matter or accuracy of the assumptions or items upon which we have relied.

In connection with the opinions expressed in this letter, we have examined such documents, records and matters of law as we have deemed necessary for the purposes of the opinions expressed below. We have examined, among other documents, the following:

- (a) an executed copy of the Credit Agreements;
- (b) an executed copy of each Revolving Credit Promissory Note made by the Borrower in favor of a Lender that requested such note prior to the Effective Date (collectively, the "Notes"); and
- (c) the Officer's Certificate of the Borrower delivered to us in connection with this letter, a copy of which is attached as Annex A (the "Officer's Certificate").

In all such examinations, we have assumed the legal capacity of all natural persons executing documents, the genuineness of all signatures, the authenticity of original and certified documents and the conformity to original or certified copies of all copies submitted to us as conformed or reproduction copies. As to various questions of fact relevant to the opinions expressed in this

letter, we have relied upon, and assume the accuracy of, representations and warranties contained in the Credit Agreements and certificates of or from representatives of the Borrower and public officials. With respect to the legal conclusions as to valid existence and good standing expressed in paragraph 1 below, we have relied solely upon certificates of public officials. With respect to the opinions expressed in paragraphs 3(iii)(a) and 4 below, our opinions are limited (i) to our actual knowledge, if any, of the Borrower's specially regulated business activities and properties based solely upon an officer's certificate in respect of such matters and without any independent investigation or verification on our part and (ii) to our review of only those laws and regulations that, in our experience, are normally applicable to transactions of the type contemplated by the Credit Agreements.

To the extent it may be relevant to the opinions expressed in this letter, we have assumed that the parties to the Credit Agreements other than the Borrower have the power to enter into and perform the Credit Agreements and to consummate the transactions contemplated by the Credit Agreements and that the Credit Agreements have been duly authorized, executed and delivered by, and constitute enforceable obligations of, such parties.

Based upon the foregoing, and subject to the limitations, qualifications and assumptions set forth in this letter, we are of the opinion that:

1. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

2. The Borrower has the corporate power and authority to enter into and to perform its obligations under the Credit Agreements and the Notes.

3. The execution and delivery by the Borrower of the Credit Agreements and the Notes and the performance by the Borrower of its obligations under the Credit Agreements and the Notes: (i) have been authorized by all necessary corporate action by the Borrower; (ii) do not contravene any provision of the certificate of incorporation or by-laws of the Borrower; and (iii) do not violate (a) any present law, or present regulation or rule of any governmental agency or authority, of the State of New York or the United States of America known by us to be applicable to the Borrower or its property; (b) do not violate any agreement binding upon the Borrower or its property or any court decree or order binding upon the Borrower or its property (this opinion being limited (1) to those agreements, decrees or orders that have been identified to us in the Officer's Certificate and (2) in that we express no opinion with respect to any violation not readily ascertainable from the face of any such agreement, decree or order or arising under or based upon any cross-default provision insofar as it relates to a default under an agreement not so identified to us or arising under or based upon any covenant of a financial or numerical nature or requiring computation); and (c) will not result in or require the creation or imposition of any security interest or lien upon any of its properties under the provisions of any agreement binding upon the Borrower or its properties other than the security interests created by the Credit Agreements and any rights of set-off or other liens in favor of the Lender Parties arising under the Credit Agreements or applicable law (this opinion being limited to those agreements that have been identified to us in the Officer's Certificate).

4. The execution and delivery by the Borrower of the Credit Agreements and the Notes and the performance by the Borrower of its obligations under the Credit Agreements

and the Notes do not require under present law any filing or registration by the Borrower with, or approval or consent to the Borrower of, any governmental agency or authority of the State of New York or of the United States of America or any other Person party to any of the agreements listed in the Officer's Certificate that has not been made or obtained except (i) filings under securities laws and (ii) filings, registrations, consents or approvals in each case not required to be made or obtained by the date of this letter.

5. The Credit Agreements and the Notes have been duly executed and delivered on behalf of the Borrower. The Credit Agreements and the Notes constitute valid, binding and enforceable obligations of the Borrower.

6. The borrowings by the Borrower under the Credit Agreements and the application of the proceeds of such borrowings as provided in the Credit Agreements will not violate Regulation X of the Board of Governors of the Federal Reserve System.

The opinions set forth above are subject to the following qualifications:

(A) Our opinions in the second sentence of paragraph 5 above as to enforceability are subject to (i) applicable bankruptcy, insolvency, reorganization, fraudulent transfer, voidable preference, moratorium or similar laws and related judicial doctrines from time to time in effect affecting creditors' rights and remedies generally and (ii) general principles of equity (including, without limitation, standards of materiality, good faith, fair dealing and reasonableness, equitable defenses and limits on the availability of equitable remedies), whether such principles are considered in a proceeding at law or in equity.

(B) We express no opinion as to the enforceability of any provision in the Credit Agreements:

(i) relating to indemnification, contribution or exculpation in connection with violations of any securities laws or statutory duties or public policy or in connection with willful, reckless or unlawful acts or gross negligence of the indemnified or exculpated party or the party receiving contribution;

(ii) relating to exculpation of any party in connection with its own negligence that a court would determine in the circumstances under applicable law to be unfair or insufficiently explicit;

(iii) providing that any person or entity other than a Lender Party may exercise set-off rights other than in accordance with and under applicable law;

(iv) relating to forum selection to the extent the forum is a federal court;

(v) relating to forum selection to the extent that (a) any relevant action or proceeding does not arise out of or relate to the Credit Agreements, (b) the Credit Agreements are not in consideration of, and do not at all relevant times relate to and constitute an obligation arising out of a transaction covering in the aggregate, not less than \$1,000,000 or (c) the enforceability of any such provision is to be determined by any court other than a court of the State of New York;

(vi) relating to choice of governing law to the extent that (a) the Credit Agreements are not at all relevant times in consideration of, and do not at all

relevant times relate to and constitute an obligation arising out of a transaction covering in the aggregate, not less than \$250,000 or (b) the enforceability of any such provision is to be determined by any court other than a court of the State of New York;

(vii) waiving any rights to trial by jury;
and

(viii) specifying that provisions of the Credit Agreements may be waived only in writing, to the extent that an oral agreement or an implied agreement by trade practice or course of conduct has been created that modifies any provision of the Credit Agreements.

(C) Our opinions in the second sentence of paragraph 5 above as to enforceability are subject to the effect of generally applicable rules of law that govern and afford judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs.

(D) We express no opinion as to the application of, and our opinions above are subject to the effect, if any, of, any applicable fraudulent conveyance, fraudulent transfer, fraudulent obligation or preferential transfer law and any law governing the liquidation or dissolution of, or the distribution of assets of, any person or entity (including, without limitation, any law relating to the payment of dividends or other distributions on capital stock or the repurchase of capital stock).

The opinions expressed in this letter are limited to (i) the federal laws of the United States of America and the laws of the State of New York and (ii) to the extent relevant to the opinions expressed in paragraphs 1, 2 and 3(i) above, the General Corporation Law of the State of Delaware, each as currently in effect.

We express no opinion as to the compliance or noncompliance, or the effect of the compliance or noncompliance, of the addressees of this letter with any state or federal laws or regulations applicable to it by reason of its status as or affiliation with a federally insured depository institution, except as expressly set forth in paragraph 6 above.

The opinions expressed in this letter are solely for the benefit of the addressees of this letter in connection with the transaction referred to in this letter and may not be relied on by such addressees for any other purpose, in any manner or for any purpose by any other person or entity.

Very truly yours,

JONES, DAY, REAVIS & POGUE

ANNEX A

FEDERATED DEPARTMENT STORES, INC.
OFFICER'S CERTIFICATE

Reference is made to the opinion letter of Jones, Day, Reavis & Pogue (the "Opinion") delivered in connection with each Credit Agreement dated as of July 28, 1997 (collectively, the "Credit Agreements"), among Federated Department Stores, Inc. (the "Borrower"), the Lender Parties (as defined in the Credit

Agreements), Citibank, N.A., as administrative agent and paying agent for the Lender Parties, The Chase Manhattan Bank, as administrative agent for the Lender Parties, BankBoston, N.A., as syndication agent, and Bank of America National Trust and Savings Association, as documentation agent. Capitalized terms used in this certificate and not otherwise defined have the meanings assigned to such terms in the Opinion.

The undersigned officer of the Borrower certifies, in connection with the execution, delivery and performance by the Borrower of the Credit Agreements, the consummation of the transactions contemplated by the Credit Agreements and the Opinion, that attached as Schedule I is a list of (i) all indentures, mortgages, deeds of trust, security or pledge agreements, guarantees, loan or credit agreements and other agreements or instruments and (ii) all decrees and orders, in each case in clause (i) and (ii) above, to which the Borrower is a party or that are otherwise binding upon the Borrower or any of its assets or property and that contain financial or other covenants or provisions for defaults or events of default or similar events or occurrences or that otherwise would or could have the effect of (a) restricting the types of provisions that any other agreement to which the Borrower becomes a party may contain, (b) restricting the conduct of the Borrower's business, the incurrence of indebtedness, guarantees or other liabilities or obligations, the creation of liens upon any of the Borrower's property or assets or otherwise restricting the execution, delivery, and performance of, or the consummation of the transactions contemplated by, the Credit Agreements or (c) resulting in, or requiring the creation or imposition of, any lien upon any of the Borrower's assets or property as a result of the execution, delivery or performance of, or the consummation of the transactions contemplated by, the Credit Agreements. A true and complete copy of each of the above agreements, instruments, documents, decrees and orders has been previously furnished to Jones, Day, Reavis & Pogue. No default or event of default or violation of any such agreements, instruments, decrees or orders exists or, immediately after giving effect to entry into the Credit Agreements or consummation of any of the transactions contemplated by the Credit Agreements, will exist.

Delivered as of this 28th day of July, 1997.

Name:
Title:

SCHEDULE I TO OFFICER'S CERTIFICATE

Debt Agreements:

1. Amended and Restated Pooling and Servicing Agreement dated as of December 15, 1992 (the "Pooling and Servicing Agreement"), among the Borrower, Prime Receivables Corporation, and Chemical Bank, as trustee, as amended by the First Amendment, dated as of December 1, 1993, as further amended by the Second Amendment, dated as of February 28, 1994, as further amended by the Third Amendment dated as of May 31, 1994, as further amended by the Fourth Amendment dated as of January 18, 1995, as further amended by Fifth Amendment dated as of April 30, 1995, as further amended by the Sixth Amendment dated as of July 27, 1995, and as further amended by the Seventh Amendment dated as of May 14, 1996.
2. Assumption Agreement under the Pooling and Servicing Agreement dated as of September 15, 1993.
3. Series 1992-1 Supplement dated as of December 15, 1992, to

the Pooling and Servicing Agreement.

4. Series 1992-2 Supplement dated as of December 15, 1992, to the Pooling and Servicing Agreement.
5. Series 1992-3 Variable Funding Supplement dated as of January 5, 1993, to the Pooling and Servicing Agreement.
6. Series 1995-1 Supplement dated as of July 27, 1995, to the Pooling and Servicing Agreement.
7. Series 1996-1 Supplement dated as of May 14, 1996, to the Pooling and Servicing Agreement.
8. Liquidity Agreement dated as of December 31, 1992, among Seven Hills Funding Corporation, the Borrower, the financial institutions named therein, Chemical Bank, as depositary and collateral agent, and Credit Suisse, New York Branch as the liquidity agent.
9. Indenture dated as of December 15, 1994 (the "1994 Indenture"), between the Borrower and State Street Bank and Trust Company, as trustee.
10. Third Supplemental Indenture dated as of January 23, 1995, to the 1994 Indenture.
11. Fourth Supplemental Indenture dated as of September 27, 1995, to the 1994 Indenture.
12. Fifth Supplemental Indenture dated as of October 6, 1995, to the 1994 Indenture.
13. Sixth Supplemental Indenture dated as of February 1, 1996, to the 1994 Indenture.
14. Seventh Supplemental Indenture dated as of May 22, 1996, to the 1994 Indenture.
15. Eighth Supplemental Indenture dated as of July 14, 1997, to the 1994 Indenture.
16. Ninth Supplemental Indenture dated as of July 14, 1997, to the 1994 Indenture.
17. Guaranty Agreement dated as of May 26, 1994, made by the Borrower in favor of the banks listed therein and PNC Bank, Ohio, National Association, as agent, as amended by Amendment #1 to Guaranty Agreement dated as of February 28, 1995.
18. Commercial Paper Dealer Agreement dated as of January 30, 1997, between the Borrower and Citicorp Securities, Inc.
19. Commercial Paper Dealer Agreement dated as of January 30, 1997, between the Borrower and Citibank, N.A.
20. Commercial Paper Dealer Agreement dated as of January 30, 1997, between the Borrower and Lehman Brothers, Inc.

Decrees and Orders:

None.

U.S. \$1,500,000,000

FIVE YEAR CREDIT AGREEMENT

Dated as of July 28, 1997

Among

FEDERATED DEPARTMENT STORES, INC.

as Borrower

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

CITIBANK, N.A.

as Administrative Agent and as Paying Agent

and

THE CHASE MANHATTAN BANK

as Administrative Agent

and

BANKBOSTON, N.A.

as Syndication Agent

and

THE BANK OF AMERICA, NATIONAL TRUST & SAVINGS ASSOCIATION

as Documentation Agent

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Exhibit C - Form of Assignment and Acceptance

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FIVE YEAR CREDIT AGREEMENT

Dated as of July 28, 1997

FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Lenders (the "Initial Lenders") and the Initial Issuing Banks (the "Initial Issuing Banks"), and CITIBANK, N.A. ("Citibank"), as an administrative agent (in such capacity, an "Administrative Agent") for the Lender Parties (as hereinafter defined) and as paying agent (in such capacity, the "Paying Agent") for the Lender Parties, THE CHASE MANHATTAN BANK ("Chase"), as an administrative agent (in such capacity, an "Administrative Agent"; the Administrative Agents and the Paying Agent being, collectively, the "Agents") for the Lender Parties, BankBoston, N.A., as syndication agent (the "Syndication Agent") and The Bank of America, National Trust & Savings Association, as documentation agent (the "Documentation Agent"), agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

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

"Adjusted Debt" means, at any time, the amount by which (a) Consolidated Debt (other than Debt of the type referred to in clauses (f) and (h) in the

definition of "Debt") of the Borrower and its Subsidiaries exceeds (b) to the extent otherwise included in the calculation of Consolidated Debt under clause (a) above, non-recourse Debt of Ridge Capital Trust II outstanding under the May Note Monetization Facility calculated on a Consolidated basis in accordance with GAAP.

"Administrative Agent" has the meaning specified in the recital of parties to this Agreement.

"Advance" means a Revolving Credit Advance, a Competitive Bid Advance, a Swing Line Advance or a Letter of Credit Advance.

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

"Agent" has the meaning specified in the recital of parties to this Agreement.

"Alternative Currency" means lawful money of Austria, Belgium, the Federal Republic of Germany, France, Italy, the Swiss Confederation, the United Kingdom and such other lawful currencies other than Dollars that are freely transferable and convertible into Dollars as the Borrower, with the consent of the Paying Agent and the applicable Issuing Bank, shall designate.

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

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

	Performance Level	Applicable Margin for Base Rate Advances	Applicable Margin for Eurodollar Rate Advances	Fees for Letters of Credit	Drawn Cost Trade
Level 1	0.0000%	0.0000%	0.1225%	0.0875%	0.1875%
Level 2	0.0000%	0.0000%	0.1250%	0.1000%	0.2000%
Level 3	0.0000%	0.0000%	0.1650%	0.1250%	0.2500%
Level 4	0.0000%	0.0000%	0.2000%	0.1500%	0.3000%
Level 5	0.0000%	0.0000%	0.2250%	0.1875%	0.3500%
Level 6	0.0000%	0.0000%	0.3250%	0.2750%	0.5000%

In the case of a change in the Applicable Margin due to a change in the Interest Coverage Ratio, such change shall be effective five Business Days after the date on which the Paying Agent receives financial statements pursuant to Section 5.01(h)(i) or (ii) together with a certificate of the chief financial officer of the

Borrower demonstrating such Interest Coverage Ratio. In the case of a change in the Applicable Margin due to a change in the Public Debt Rating, such change shall be effective five Business Days after the date on which the Paying Agent receives a certificate of the chief financial officer of the Borrower pursuant to Section 5.01(h)(vi) setting forth such Public Debt Rating.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender Party and an Eligible Assignee, and accepted by the Paying Agent, in substantially the form of Exhibit C hereto.

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing), provided that with respect to any Letter of Credit denominated in an Alternative Currency, such maximum amount shall be calculated as the equivalent Dollar amount, determined in accordance with Section 1.04, of the stated maximum amount.

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

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

(b) the sum (adjusted to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, to the next higher 1/16 of 1%) of (i) 1/2 of 1% per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 360 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) three-month U.S. dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States; and

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

"Base Rate Advance" means an Advance that bears interest as provided in Section 2.07(a)(i).

"Borrowing" means a Revolving Credit Borrowing, a Swing Line Borrowing or a Competitive Bid Borrowing.

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

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Chase" has the meaning specified in the recital of parties to this Agreement.

"Citibank" has the meaning specified in the recital of parties to this Agreement.

"Commercial Paper" means any unsecured promissory note or notes issued by the Borrower pursuant to any commercial paper program (whether rated or unrated) with a maturity of not more than 270 days from the time of issuance.

"Commercial Paper Set-Aside Amount" has the meaning specified in Section 2.01(c).

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

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

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

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

"Confidential Information" means all information about the Borrower and its Subsidiaries that has been furnished by the Borrower or any of its Subsidiaries to any Agent or any Lender Party whether furnished before or after the date of this Agreement, and regardless of the manner in which it is furnished, but does not include any such information that (a) is or becomes generally available to the public other than as a result of a disclosure by such Agent or such Lender Party not permitted by this Agreement, (b) was available to such Agent or such Lender Party on a non-confidential basis prior to its disclosure to such Agent or such Lender Party or (c) becomes available to such Agent or such Lender Party on a non-confidential basis from a Person other than the Borrower or any of its Subsidiaries that is not, to the best of such Agent's or such Lender Party's knowledge, acting in violation of a confidentiality agreement with the

Borrower or any of its Subsidiaries or is not otherwise prohibited from disclosing the information to such Agent or such Lender Party.

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

"Convert", "Conversion" and "Converted" each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Section 2.08 or 2.09.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all Obligations of such Person for the deferred purchase price of property or services (other than Obligations for property (excluding real property, capital stock and property subject to Capitalized Leases) and services purchased, and expense accruals and deferred compensation items arising in the ordinary course of such Person's business), (c) all Obligations of such Person evidenced by notes, bonds, debentures or other similar instruments (other than performance, surety and appeals bonds arising in the ordinary course of business), (d) all payment Obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (unless the rights and remedies of the seller, lessor or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Obligations of such Person as lessee under Capitalized Leases, (f) all Obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any capital stock of or other ownership or profit interest in such Person or any other Person or any warrants, rights or options to acquire such capital stock (other than Obligations of such Person with respect to employee stock plans), valued, in the case of Redeemable Preferred Stock, at the greater of its involuntary liquidation preference plus accrued and unpaid dividends, (h) all Obligations of such Person in respect of Hedge Agreements, (i) all Debt of others referred to in clauses (a) through (h) above or clause (j) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (j) all Debt referred to in clauses (a) through (i) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt, provided that the amount of Debt of the type referred to in clauses (i) and (j) above will be included within the definition of "Debt" only to the extent of the amount of the obligations so guaranteed or otherwise supported.

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

"Defaulted Advance" means, with respect to any Lender at any time, the portion of any Advance required to be made by such Lender to the Borrower pursuant to Section 2.01 or 2.02 at or prior to such time which has not been made by such Lender or by the Paying Agent for the account of such Lender pursuant to Section 2.02(e) as of such time. In the event that a portion of a Defaulted Advance shall be deemed made pursuant to Section 2.18(a), the remaining portion of such Defaulted Advance shall be considered a Defaulted Advance originally required to be made pursuant to Section 2.01 on the same date as the Defaulted Advance so deemed made in part.

"Defaulted Amount" means, with respect to any Lender at any time, any amount required to be paid by such Lender to the Paying Agent or any other Lender Party hereunder or under any other Loan Document at or prior to such time which has not been so paid as of such time, including, without limitation, any amount required to be paid by such Lender to (a) any Swing Line Bank pursuant to Section 2.02(b) to purchase a portion of a Swing Line Advance made by such Swing Line Bank, (b) any Issuing Bank pursuant to Section 2.16(c) to purchase a portion of a Letter of Credit Advance made by such Issuing Bank, (c) the Paying Agent pursuant to Section 2.02(e) to reimburse the Paying Agent for the amount of any Advance made by the Paying Agent for the account of such Lender, (d) any other Lender pursuant to Section 2.15 to purchase any participation in Advances owing to such other Lender Party and (e) the Paying Agent or any Issuing Bank pursuant to Section 7.05 to reimburse the Paying Agent or such Issuing Bank for such Lender's ratable share of any amount required to be paid by the Lenders to the Paying Agent or such Issuing Bank as provided therein. In the event that a portion of a Defaulted Amount shall be deemed paid pursuant to Section 2.18(b), the remaining portion of such Defaulted Amount shall be considered a Defaulted Amount originally required to be paid hereunder or under any other Loan Document on the same date as the Defaulted Amount so deemed paid in part.

"Defaulting Lender" means, at any time, any Lender that, at such time, (a) owes a Defaulted Advance or a Defaulted Amount or (b) shall take any action or be the subject of any action or proceeding of a type described in Section 6.01(e).

"Designated Bidder" means (a) an Eligible Assignee or (b) a special purpose corporation that is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and that issues (or the parent of which issues) commercial paper rated at least "Prime-1" (or the then equivalent grade) by Moody's or "A-1" (or the then equivalent grade) by S&P that, in the case of either clause (a) or (b), (i) is organized under the laws of the United States or any State thereof, (ii) shall have become a party hereto pursuant to Sections 8.07(f), (g) and (h) and (iii) is not otherwise a Lender.

"Designation Agreement" means a designation agreement entered into by a Lender (other than a Designated Bidder) and a Designated Bidder, and accepted by the Paying Agent, in substantially the form

of Exhibit D hereto.

"Dollars" and the sign "\$" each means lawful money of the United States.

"Documentary L/C" means any Letter of Credit (other than a Letter of Credit issued pursuant to this Agreement) that is issued for the benefit of a supplier of inventory to the Borrower or any of its Subsidiaries to effect payment of such Inventory.

"Documentation Agent" has the meaning specified in the recital of parties to this Agreement.

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

"EBITDA" means, for any period, (i) the sum, determined on a Consolidated basis, of (a) net income (or net loss), (b) Net Interest Expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense (including, without limitation, amortization of (1) excess of cost over net assets acquired, (2) reorganization value in excess of amounts allocable to identifiable assets and (3) unearned restricted stock) and (f) unusual and extraordinary losses less (ii) unusual and extraordinary gains, in each case of the Borrower and its Subsidiaries determined in accordance with GAAP for such period.

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

"Electronic Issuing Bank" has the meaning specified in Section 2.16(a).

"Electronic L/C" and "Electronic L/C Reserve" each has the meaning specified in Section 2.16(a).

"Eligible Assignee" means (a) with respect to the Revolving Credit Facility (i) a Lender; (ii) an Affiliate of a Lender; and (iii) any other Person approved by the Paying Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 8.07, the Borrower, such approval not to be unreasonably withheld or delayed and (b) with respect to the Letter of Credit Facility, any Person approved by the Paying Agent and, so long as no Event of Default shall have occurred and be continuing, the Borrower, such approval not to be unreasonably withheld or delayed; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Eligible Securities" means (a) readily marketable securities issued or guaranteed by the government of the United States of America or any agency thereof having a maturity at the time of issuance not exceeding one year, (b) commercial paper rated at least A-1 by S&P or P-1 by Moody's, in each case having a maturity at the time of issuance not exceeding one year, and (c) certificates of deposit of or time deposits with any commercial bank, the long-term debt of which has been assigned a rating of at least BBB by S&P or Baa2 by Moody's and which is a Lender and is organized and

existing under the laws of the United States of America or any state thereof or the District of Columbia.

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

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

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

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

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

appointment of a trustee to administer, a Plan.

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

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

"Eurodollar Rate" means, with respect to each day during each Interest Period for a Eurodollar Rate Advance comprising a Revolving Credit Borrowing, the rate of interest per annum obtained by dividing (a) the "Eurodollar Rate" determined (i) on the basis of the rate for deposits in Dollars for a period equal to such Interest Period appearing on Page 3750 of the Telerate screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period, or if such rate does not appear on Page 3750 of the Telerate screen (or otherwise on such service), the rate per annum (rounded upward to the nearest 1/16 of 1% per annum) at which deposits are offered by another publicly available service displaying eurodollar rates as may be agreed upon by the Paying Agent and the Borrower or (ii) in the absence of such appearance or agreement, by reference to the average of the rate of interest per annum (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) at which deposits in Dollars are offered by the principal office of each of the Reference Banks in London, England, to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance to be outstanding during such Interest Period (or, if such Reference Bank shall not have a Eurodollar Rate Advance that is to be outstanding during such Interest Period, in an amount equal to \$1,000,000) and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period. In the case of any Eurodollar Rate determined pursuant to clause (a)(ii) above, the Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising such Revolving Credit Borrowing shall be determined by the Paying Agent on the basis of applicable rates received by the Paying Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

"Eurodollar Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.07(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances or LIBO Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve

requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances or LIBO Rate Advances is determined) having a term equal to such Interest Period.

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

"Existing Competitive Bid Advance" has the meaning specified in Section 2.03(h).

"Existing Credit Agreement" means the \$2,800,000,000 Credit Agreement dated as of December 19, 1994, as amended through the date hereof, among the Borrower, certain lenders party thereto, Citibank, as administrative agent, Chemical Bank, as agent, Citicorp Securities, Inc., as arranger and Chemical Securities, Inc., as co-arranger.

"Existing Letters of Credit" has the meaning specified in Section 2.16(g).

"Facility" means the Revolving Credit Facility, the Swing Line Facility or the Letter of Credit Facility.

"Facility Fee Percentage" means, as of any date, a percentage per annum determined by reference to the Performance Level in effect on such date as set forth below:

Performance Level	Applicable Percentage
Level 1	.0650%
Level 2	.0750%
Level 3	.0850%
Level 4	.1000%
Level 5	.1250%
Level 6	.1750%

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

"Fiscal Year" means a fiscal year of the Borrower and its Consolidated Subsidiaries ending on the Saturday closest to January 31 in any calendar year.

"Fixed Rate Advances" has the meaning specified in Section 2.03(a)(i).

"Funded Debt" of any Person means Debt in respect of the Advances, in the case of the Borrower, and all other Debt of such Person that by its terms matures more than one year after the date of its creation or matures within one year from such date but is renewable or extendible, at the option of such Person, to a date more than one year after such date or arises under a revolving credit or similar agreement that obligates

the lender or lenders to extend credit during a period of more than one year after such date, including, without limitation, all amounts of Funded Debt of such Person required to be paid or prepaid within one year after the date of determination.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by any successor entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination; provided that, with respect to the calculation of the financial ratios and the terms used in the covenants contained in this Agreement and the definitions related thereto, "GAAP" means generally accepted accounting principles in effect in the United States on the date of the financial statements referred to in Section 4.01(e), it being understood that, upon any change in GAAP as at such date that affects in any material respect the financial ratios and the covenants contained in this Agreement, the Borrower and the Paying Agent will negotiate in good faith to adapt or conform any such financial ratios and covenants and the definitions related thereto to any such changes in GAAP to the extent necessary to maintain the original economic terms of such financial ratios and covenants as in effect under this Agreement on the date hereof, the Paying Agent shall promptly notify the Lenders in writing of the negotiated changes to such financial ratios, covenants and definitions, and if, by the 30th day after the date such notice is given (i) the Required Lenders shall not have objected in writing to such changes, such changes shall be deemed to be effective, and this Agreement shall be deemed to be amended accordingly, as of such 30th day, without further action on the part of any party hereto or (ii) the Required Lenders shall have objected to such changes, then, until this Agreement shall be amended in accordance with the terms of Section 8.01 to reflect such changes as may be necessary to maintain the original economic terms of such financial ratios and covenants, the financial ratios and covenants immediately in effect prior to such amendment shall remain in effect.

"Hazardous Materials" means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

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

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

"Information Memorandum" means the information memorandum dated July 1997 used by the Administrative Agents in connection with the syndication of the Commitments.

"Initial Extension of Credit" means the earlier to occur of the initial Borrowing (other than a Borrowing

consisting of any Existing Competitive Bid Advances) and the initial issuance of a Letter of Credit (other than an Existing Letter of Credit) hereunder.

"Initial Lenders" has the meaning specified in the recital of parties of this Agreement.

"Interest Coverage Ratio" means, at any date of determination, the ratio of Consolidated EBITDA for the Measurement Period then most recently ended to Net Interest Expense for such Measurement Period determined in accordance with GAAP.

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

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

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

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

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

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

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

ERISA.

"Issuing Bank" means Citibank, Chase, any other Lender Party that has a Letter of Credit Commitment set forth opposite its name on Schedule I hereto, any other Lender Party approved as an Issuing Bank by the Paying Agent and, so long as no Event of Default shall have occurred and be continuing, the Borrower (such approval not to be unreasonably withheld or delayed) and each Eligible Assignee to which a Letter of Credit Commitment hereunder has been assigned pursuant to Section 8.07 so long as each such Lender Party or Eligible Assignee expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank and notifies the Paying Agent of its Applicable Lending Office and the amount of its Letter of Credit Commitment (which information shall be recorded by the Paying Agent in the Register).

"L/C Related Documents" has the meaning specified in Section 2.16(e).

"Lender Party" means any Lender, any Swing Line Bank or any Issuing Bank.

"Lenders" means the Initial Lenders and each Person that shall become a party hereto pursuant to Section 8.07 and, except when used in reference to a Letter of Credit, a Regular Advance, a Regular Borrowing, a Revolving Credit Note, a Commitment or a related term, each Designated Bidder.

"Letter of Credit" has the meaning specified in Section 2.16(a).

"Letter of Credit Advance" means an advance made by any Issuing Bank or any Lender pursuant to Section 2.16(c).

"Letter of Credit Agreement" has the meaning specified in Section 2.16(b)(i).

"Letter of Credit Collateral" has the meaning specified in Section 6.02(b).

"Letter of Credit Collateral Account" has the meaning specified in Section 6.02(a).

"Letter of Credit Commitment" means, with respect to any Issuing Bank at any time, the amount set forth opposite such Issuing Bank's name on Schedule I hereto under the caption "Letter of Credit Commitment" or, if such Issuing Bank has entered into one or more Assignments and Acceptances or if a Lender has otherwise become an Issuing Bank, set forth for such Issuing Bank in the Register maintained by the Paying Agent pursuant to Section 8.07(i) as such Issuing Bank's "Letter of Credit Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Letter of Credit Facility" means, at any time, an amount equal to the lesser of (a) the aggregate amount of the Issuing Banks' Letter of Credit Commitments and (b) \$1,000,000,000, as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Letter of Credit Obligations" means, at any time, the sum of (a) the maximum aggregate amount then available to be drawn under the Letters of Credit outstanding at such time (the determination of such

maximum amount to assume the occurrence of, and compliance with, all conditions for drawing referred to therein) plus (b) the aggregate amount of the Borrower's Obligations then outstanding under the Loan Documents in respect of the Letters of Credit, including all Advances resulting from drawings under Letters of Credit and all fees and expenses in respect of the Letters of Credit payable pursuant to Section 2.16(f).

"Leverage Ratio" means, at any date of determination, the ratio of Adjusted Debt to the sum of Adjusted Debt plus Consolidated net worth of the Borrower and its Subsidiaries calculated on a Consolidated basis in accordance with GAAP.

"LIBO Rate" means, with respect to each day during each Interest Period for a LIBO Rate Advance comprising a Competitive Bid Borrowing, the rate of interest per annum obtained by dividing (a) the "LIBO Rate" determined (i) on a basis of the rate for deposits in Dollars for a period equal to such Interest Period appearing on page 3750 of the Telerate screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period or, if such rate does not appear on Page 3750 of the Telerate screen (or otherwise on such service), the rate per annum (rounded upward to the nearest 1/16 of 1% per annum) at which deposits are offered by another publicly available service displaying eurodollar rates as may be agreed upon by the Paying Agent and the Borrower or (ii) in the absence of such appearance or agreement, by reference to the average of the rate of interest per annum (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) at which deposits in Dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to each of such Reference Bank's LIBO Rate Advance to be outstanding during such Interest Period (or, if any such Reference Bank shall not have a LIBO Rate Advance that is to be outstanding during such Interest Period, in an amount equal to \$1,000,000) and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period. In the case of any LIBO Rate determined pursuant to clause (a)(ii) above, the LIBO Rate for any Interest Period for each LIBO Rate Advance comprising such Competitive Bid Borrowing shall be determined by the Paying Agent on the basis of applicable rates received by the Paying Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

"LIBO Rate Advances" has the meaning specified in Section 2.03(a)(i).

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

"Loan Documents" means this Agreement, the Notes and each Letter of Credit Agreement, as each may be amended, supplemented or otherwise modified from time to time.

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

"Material Adverse Effect" means an effect that causes or results in or has a reasonable likelihood of causing or resulting in any material adverse change in (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower and its Subsidiaries, taken as a whole, (b) the rights and remedies of any Agent or any Lender Party under any Loan Document, (c) the ability of the Borrower to perform its Obligations under any Loan Document or (d) the legality, validity or enforceability of any Loan Document.

"Material Subsidiary" of the Borrower means, at any time, any Subsidiary of the Borrower having (a) assets with a value of not less than 5% of the total value of the assets of the Borrower and its Consolidated Subsidiaries, taken as a whole, or (b) Consolidated EBITDA not less than 5% of the Consolidated EBITDA of the Borrower and its Consolidated Subsidiaries, taken as a whole, in each case as of the end of or for the most recently completed Fiscal Year of the Borrower.

"May Note Monetization Facility" means the monetization facility established July 26, 1988, between the Borrower and a grantor trust of which the Borrower is the beneficiary, pursuant to which such grantor trust distributed approximately \$352,000,000 to the Borrower.

"Measurement Period" means, at any date of determination, the period of the four consecutive fiscal quarters of the Borrower then most recently ended for which the Paying Agent has (or should have) received financial statements in compliance with Section 5.01(h).

"Minor Subsidiary" means any Subsidiary of the Borrower that is not a Material Subsidiary.

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

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

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

"Net Interest Expense" means, for any period, the amount (if any) by which (a) interest payable on all Debt (including, without limitation, the interest component of Capitalized Leases) and amortization of deferred financing fees and debt discount in respect of all Debt exceeds (b) interest income, in each case of the Borrower and its Subsidiaries for such period, calculated on a Consolidated basis in accordance with

GAAP.

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

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

"Notice of Competitive Bid Borrowing" has the meaning specified in Section 2.03(a).

"Notice of Issuance" has the meaning specified in Section 2.16(b)(i).

"Notice of Renewal" has the meaning specified in Section 2.16(a).

"Notice of Swing Line Borrowing" has the meaning specified in Section 2.02(b).

"Notice of Termination" has the meaning specified in Section 2.16(a).

"Obligation" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 6.01(e). Without limiting the generality of the foregoing, the Obligations of the Borrower under the Loan Documents include (a) the obligation to pay principal, interest, Letter of Credit commissions, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by the Borrower under any Loan Document and (b) the obligation of the Borrower to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of the Borrower.

"Original Currency" has the meaning specified in Section 8.12.

"Other Currency" has the meaning specified in Section 8.12.

"Paying Agent" has the meaning specified in the recital of parties to this Agreement.

"Paying Agent's Account" means the account of the Paying Agent maintained by the Paying Agent with its office at 399 Park Avenue, New York, New York 10043, Account No. 36852248, Account Name: Medium Term Finance/NAIB Agency, Reference: Federated.

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

"Performance Level" means, as of any date of determination, the numerically lower level set forth below as then in effect, as determined by reference to the Public Debt Rating and Interest Coverage Ratio then in effect, provided, however, that if the Level established by reference to the Public Debt Rating and the Level established by reference to the Interest Coverage Ratio are more than one Level apart, the Performance Level shall be the Level that is numerically one below the numerically higher of the two

Levels so established:

Level 1 The Public Debt Rating is greater than or equal to A2 or A or the Interest Coverage Ratio is 6.25:1.00 or greater;

Level 2 The Public Debt Rating is A3 or A- or the Interest Coverage Ratio is 5.75:1.00 or greater but less than 6.25:1.00;

Level 3 The Public Debt Rating is Baa1 or BBB+ or the Interest Coverage Ratio is 5.00:1.00 or greater but less than 5.75:1.00;

Level 4 The Public Debt Rating is Baa2 or BBB or the Interest Coverage Ratio is 4.50:1.00 or greater but less than 5.00:1.00;

Level 5 The Public Debt Rating is Baa3 or BBB- or the Interest Coverage Ratio is 3.75:1.00 or greater but less than 4.50:1.00;

Level 6 The Public Debt Rating is lower than Baa3 or BBB- and the Interest Coverage Ratio is lower than 3.75:1.00;

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings; (c) Liens (if any) arising by operation of law and pledges or deposits made in the ordinary course of business in connection with liability insurance, workers' compensation, unemployment insurance, old-age pensions and other social security benefits, other than with respect to employee benefit plans subject to ERISA; and (d) zoning restrictions, easements, rights of way, reciprocal easement agreements, operating agreements, covenants, conditions or restrictions on the use of any real property that do not interfere in any material respect with the ordinary conduct of the business of the Borrower and its Subsidiaries or do not materially adversely affect the value of such property for the purpose of such business.

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

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

"Potential Defaulting Lender" has the meaning specified in Section 2.01(b).

"Preferred Stock" means, with respect to any corporation, capital stock issued by such corporation

that is entitled to a preference or priority over any other capital stock issued by such corporation upon any distribution of such corporation's assets, whether by dividend or upon liquidation.

"Pro Rata Share" of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Revolving Credit Commitment at such time and the denominator of which is the Revolving Credit Facility at such time.

"Public Debt Rating" means, as of any date, the higher of (a) the lowest rating that has been most recently announced by Moody's for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower and (b) the rating that has been most recently announced by S&P as the Borrower's "Corporate Credit Rating", provided, that if the ratings referred to in clause (a) and (b) above are each referred to in Performance Levels which are more than one Performance Level apart, the Public Debt Rating shall be the Public Debt Rating indicated within the Performance Level that is numerically one below the numerically higher of the two Performance Levels in which the ratings are so referenced. For purposes of the foregoing, (i) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Facility Fee Percentage shall be determined by reference to the available rating; (ii) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Facility Fee Percentage will be determined by reference to the Interest Coverage Ratio then in effect; (iii) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of five Business Days after the date on which such change is demonstrated in a certificate of the chief financial officer of the Borrower delivered pursuant to Section 5.01(h)(vi); and (iv) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Receivables Financing Facility" means the receivables financing facilities currently established by the Borrower and any replacement thereof or other receivables financing pursuant to which certain Subsidiaries of the Borrower issue non-recourse Debt and commercial paper secured by certain receivables of the Borrower and its Subsidiaries.

"Redeemable" means, with respect to any capital stock or other ownership or profit interest, Debt or other right or Obligation, any such right or Obligation that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"Reference Banks" means Citibank and Chase.

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

"Regular Advances" means any Advance other than a Competitive Bid Advance.

"Regular Borrowing" means a Revolving Credit Borrowing or a Swing Line Borrowing.

"Reportable Event" has the meaning specified in Section 4043 of ERISA, excluding any event with respect to which the 30-day notice requirement has been waived.

"Required Lenders" means at any time Lenders owed or holding at least a majority in interest of the sum of (a) the then aggregate unpaid principal amount of the Revolving Credit Advances, Swing Line Advances and Letter of Credit Advances owing to Lenders at such time, (b) the aggregate Available Amount of all Letters of Credit outstanding at such time and (c) the aggregate Unused Revolving Credit Commitments at such time, provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time (i) the unpaid principal amount of the Revolving Credit Advances, Swing Line Advances and Letter of Credit Advances made by such Defaulting Lender and outstanding at such time, (b) if such Defaulting Lender shall be an Issuing Bank, the Available Amount of all Letters of Credit issued by such Defaulting Lender and outstanding at such time and (c) the Unused Revolving Credit Commitment of such Defaulting Lender at such time. For purposes of this definition, the aggregate principal amount of Swing Line Advances owing to any Swing Line Bank and of Letter of Credit Advances owing to any Issuing Bank and the Available Amount of each Letter of Credit shall be considered to be owed to the Lenders ratably in accordance with their respective Revolving Credit Commitments.

"Responsible Officer" means any executive officer of the Borrower or any of its Subsidiaries or any other officer of the Borrower of any of its Subsidiaries responsible for overseeing or reviewing compliance with this Agreement or any other Loan Document.

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

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

"Revolving Credit Commitment" means, with respect to any Revolving Credit Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Revolving Credit Commitment" or, if such Lender has entered into one or more Assignment and Acceptances, set forth for such Lender in the Register maintained by the Paying Agent pursuant to Section 8.07(i) as such Lender's "Revolving Credit Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Revolving Credit Facility" means, at any time, the aggregate amount of the Revolving Credit Lenders' Revolving Credit Commitments at such time.

"Revolving Credit Lender" means any Lender that has a Revolving Credit Commitment and, except when used in reference to a Regular Advance, a Regular Borrowing, a Note (other than a Competitive Bid Note), a Commitment or a related term, any Designated Bidder.

"Revolving Credit Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower

to such Lender resulting from the Revolving Credit Advances made by such Lender.

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

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

"Standby Letter of Credit" means any Letter of Credit issued under the Letter of Credit Facility, other than a Trade Letter of Credit.

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

"Swing Line Advance" means an advance made by (a) any Swing Line Bank pursuant to Section 2.01(b) or (b) any Revolving Credit Lender pursuant to Section 2.02(b).

"Swing Line Bank" means each of Citibank, Chase, BankBoston, N.A. and up to three additional Revolving Credit Lenders as may be designated by the Borrower from time to time (with the consent of any Lender so designated), provided that any of Citibank, Chase, BankBoston, N.A. or any other Lender as shall have been so designated may resign upon 30 days' prior written notice to the Borrower and the Paying Agent.

"Swing Line Borrowing" means a borrowing consisting of a Swing Line Advance made by any Swing Line Bank.

"Swing Line Facility" has the meaning specified in Section 2.01(b).

"Syndication Agent" has the meaning specified in the recital of parties to this Agreement.

"Tangible Assets" means, with respect to any Person as of any date of determination, the total assets of such Person less the sum of (i) goodwill, organizational expenses, research and development expenses, trademarks, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, and other similar intangibles, (ii) all prepaid expenses, deferred charges or unamortized debt discount and expense, (iii) all reserves carried and not deducted from assets, (iv) any write-up in the book value of any asset resulting from a revaluation thereof subsequent to February 1, 1997, and (v) any items not included in clauses (i) through (iv) above, in each

case of such Person and which are treated as intangibles in conformity with GAAP.

"Termination Date" means the earlier of July 28, 2002 and the date of termination in whole of the Revolving Credit Commitments, the Swing Line Facility and the Letter of Credit Commitments pursuant to Section 2.05 or 6.01.

"Trade Letter of Credit" means any Letter of Credit that is issued under the Letter of Credit Facility for the benefit of a supplier of inventory to the Borrower or any of its Subsidiaries to effect payment for such inventory, the conditions to drawing under which include the presentation to the Issuing Bank that issued such Letter of Credit of negotiable bills of lading, invoices and related documents sufficient, in the judgment of such Issuing Bank, to create a valid and perfected lien on or security interest in such inventory, bills of lading, invoices and related documents in favor of such Issuing Bank.

"Unused Revolving Credit Commitment" means, with respect to any Lender at any time, (a) such Lender's Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Revolving Credit Advances, Swing Line Advances and Letter of Credit Advances made by such Lender, in each case in its capacity as a Lender, and outstanding at such time, and (ii) such Lender's Pro Rata Share of (A) the aggregate Available Amount of all Letters of Credit outstanding at such time, (B) the aggregate amount of the Competitive Bid Advances outstanding at such time, and (C) to the extent not included in clause (b)(i) of this definition, the aggregate principal amount of all Letter of Credit Advances made by the Issuing Banks pursuant to Section 2.16(c) and outstanding at such time and of all Swing Line Advances made by the Swing Line Banks pursuant to Section 2.01(b) and outstanding at such time.

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

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

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

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

SECTION 1.04. Currency Equivalents Generally. For all purposes of this Agreement except as otherwise specifically provided herein, the equivalent in any Alternative Currency of an amount in Dollars shall be determined at the rate of exchange quoted by Citibank in New York City, at 9:00 A.M. (New York City time) on the date of determination, to prime banks in New York City for the spot purchase in the New York foreign exchange market of such amount of Dollars with such Alternative Currency. Citibank's determination of each spot rate of exchange

pursuant to this Agreement shall be final and conclusive absent manifest error.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND THE LETTERS OF CREDIT

SECTION 2.01. The Regular Advances. (a) The Revolving Credit Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an amount for each such Advance not to exceed an amount equal to such Lender's Unused Revolving Credit Commitment less such Lender's Pro Rata Share of the Commercial Paper Set-Aside Amount at such time. Each Revolving Credit Borrowing shall be in an aggregate amount of \$10,000,000 or an integral multiple of \$5,000,000 in excess thereof (other than a Borrowing the proceeds of which shall be used solely to repay in full outstanding Letter of Credit Advances made by any Issuing Bank) or, if less, an aggregate amount equal to the amount by which the aggregate amount of a proposed Competitive Bid Borrowing requested by the Borrower exceeds the aggregate amount of Competitive Bid Advances offered to be made by the Lenders and accepted by the Borrower in respect of such Competitive Bid Borrowing, if such Competitive Bid Borrowing is made on the same date as such Revolving Credit Borrowing, and shall consist of Revolving Credit Advances of the same Type made on the same day by the Lenders ratably according to their respective Revolving Credit Commitments. Within the limits of each Lender's Revolving Credit Commitment, the Borrower may borrow under this Section 2.01, repay pursuant to Section 2.06(a), prepay pursuant to Section 2.10 and reborrow under this Section 2.01.

(b) The Swing Line Advances. Each Swing Line Bank severally agrees, on the terms and conditions hereinafter set forth, to make Swing Line Advances to the Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date (i) in an aggregate amount for all Swing Line Advances owing to such Swing Line Bank (in its capacity as such) not to exceed at any time outstanding \$25,000,000, (ii) in an aggregate amount owing to all Swing Line Banks not to exceed at any time outstanding \$50,000,000, as such amount may be reduced from time to time pursuant to Section 2.05 (the "Swing Line Facility") and (iii) in an amount for each such Borrowing not to exceed an amount equal to the amount by which the aggregate of the Unused Revolving Credit Commitments of the Revolving Credit Lenders at such time exceeds the Commercial Paper Set-Aside Amount at such time; provided, however, that if at any time of receipt by any Swing Line Bank of a Notice of Swing Line Borrowing, (x) any Revolving Credit Lender shall be a Defaulting Lender or such Swing Line Bank determines in good faith that any Lender is reasonably likely to become a Defaulting Lender within the next 30 days (a "Potential Defaulting Lender") and (y) the sum of the aggregate Unused Revolving Credit Commitments of the Revolving Credit Lenders (other than Revolving Credit Lenders that are Defaulting Lenders or Potential Defaulting Lenders) plus the Commercial Paper Set-Aside Amount at such time shall be less than the amount of the requested Swing Line Borrowing, such Swing Line Bank shall not be required to, but may, if in its sole discretion it elects to do so, make the Swing Line Advance requested in such Notice of Swing Line Borrowing. No Swing Line Advance shall be used for the purpose of funding the payment of principal of any other Swing Line Advance. Each Swing Line Borrowing shall be in an amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and shall be made as a Base Rate Advance. Within the limits of the Swing Line Facility

and within the limits referred to in clauses (i) and (iii) above (and if at the time of receipt by any Swing Line Bank of a Notice of Swing Line Borrowing, any Lender shall be a Defaulting Lender or a Potential Defaulting Lender, so long as any Swing Line Bank, in its sole discretion, elects to make Swing Line Advances), the Borrower may borrow under this Section 2.01(b), repay pursuant to Section 2.06(b) or prepay pursuant to Section 2.10 and reborrow under this Section 2.01(b).

(c) Set-Aside of Commitments to Backstop Commercial Paper. At any time during which the Borrower has any Commercial Paper outstanding, a portion of the Unused Revolving Credit Commitments in an aggregate amount equal to the aggregate face amount of such Commercial Paper outstanding at such time shall, without further action on the part of any party, be deemed to be reserved for use as support for the obligations of the Borrower under such Commercial Paper; provided that the reservation of Unused Revolving Credit Commitments described in this Section 2.01(c) shall be increased or decreased accordingly upon notice from the Borrower to the Paying Agent at any time to reflect the Borrower's required liquidity reserves for Commercial Paper. The amount of Revolving Credit Commitments so reserved at any time pursuant to this Section 2.01(c) is referred to herein as the "Commercial Paper Set-Aside Amount".

SECTION 2.02. Making the Regular Advances. (a) Revolving Credit Advances. Except as otherwise provided in Section 2.02(b) and Section 2.16, each Revolving Credit Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, or the first Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Base Rate Advances, by the Borrower to the Paying Agent, which shall give to each Lender prompt notice thereof by telecopier or telex. Each such notice of a Revolving Credit Borrowing (a "Notice of Revolving Credit Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier or telex in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Revolving Credit Borrowing, (ii) Type of Advances comprising such Revolving Credit Borrowing, (iii) aggregate amount of such Revolving Credit Borrowing, and (iv) in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Revolving Credit Advance. Each Lender shall, before 11:00 A.M. (New York City time) on the date of such Revolving Credit Borrowing, make available for the account of its Applicable Lending Office to the Paying Agent at the Paying Agent's Account, in same day funds, such Lender's ratable portion of such Revolving Credit Borrowing. After the Paying Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Paying Agent will make such funds available to the Borrower at the Paying Agent's address referred to in Section 8.02; provided, however, that, in the case of any such Borrowing, the Paying Agent shall first make a portion of such funds equal to the aggregate principal amount of any Swing Line Advances and Letter of Credit Advances made by any Swing Line Bank or any Issuing Bank, as the case may be, and by any other Revolving Credit Lender and outstanding on the date of such Revolving Credit Borrowing, plus interest accrued and unpaid thereon to and as of such date, available to such Swing Line Bank or such Issuing Bank, as the case may be, and such other Revolving Credit Lenders for repayment of such Swing Line Advances and Letter of Credit Advances.

(b) Swing Line Advances. Each Swing Line Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the date of the proposed Swing Line Borrowing, by the Borrower to any Swing Line Bank and the Paying Agent. Each such notice of a Swing Line Borrowing (a "Notice of Swing Line Borrowing") shall be by telephone, confirmed immediately in writing, or telex or telecopier, specifying therein the requested (i) date of such Borrowing, (ii) amount of such Borrowing and (iii) maturity of such Borrowing (which maturity shall be no later than the seventh day after the requested date of such Borrowing). If, in accordance with Section 2.01(b), it makes the requested Swing Line Advance, such Swing Line Bank will make the amount thereof available to the Paying Agent at the Paying Agent's Account, in same day funds. After the Paying Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Paying Agent will make such funds available to the Borrower at the Paying Agent's address referred to in Section 8.02. Upon written demand by any Swing Line Bank with an outstanding Swing Line Advance, with a copy of such demand to the Paying Agent, each other Revolving Credit Lender shall purchase from such Swing Line Bank, and such Swing Line Bank shall sell and assign to each such other Revolving Credit Lender, such other Lender's Pro Rata Share of such outstanding Swing Line Advance as of the date of such demand, by making available for the account of its Applicable Lending Office to the Paying Agent for the account of such Swing Line Bank, by deposit to the Paying Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Swing Line Advance to be purchased by such Lender. The Borrower hereby agrees to each such sale and assignment. Each Revolving Credit Lender agrees to purchase its Pro Rata Share of an outstanding Swing Line Advance on (i) the Business Day on which demand therefor is made by the Swing Line Bank that made such Advance, provided that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. Upon any such assignment by a Swing Line Bank to any other Revolving Credit Lender of a portion of a Swing Line Advance, such Swing Line Bank represents and warrants to such other Lender that such Swing Line Bank is the legal and beneficial owner of such interest being assigned by it, but makes no other representation or warranty and assumes no responsibility with respect to such Swing Line Advance, the Loan Documents or the Borrower. If and to the extent that any Revolving Credit Lender shall not have so made the amount of such Swing Line Advance available to the Paying Agent, such Revolving Credit Lender agrees to pay to the Paying Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by such Swing Line Bank until the date such amount is paid to the Paying Agent, at the Federal Funds Rate. If such Lender shall pay to the Paying Agent such amount for the account of such Swing Line Bank on any Business Day, such amount so paid in respect of principal shall constitute a Swing Line Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Swing Line Advance made by such Swing Line Bank shall be reduced by such amount on such Business Day.

(c) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for any Revolving Credit Borrowing if the aggregate amount of such Revolving Credit Borrowing is less than \$25,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12 and (ii) the Eurodollar Rate Advances may not be outstanding as part of more than ten separate Revolving Credit Borrowings.

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

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

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

SECTION 2.03. The Competitive Bid Advances. (a) Each Lender severally agrees that the Borrower may make Competitive Bid Borrowings under this Section 2.03 from time to time on any Business Day during the period from the Effective Date until the date occurring 30 days prior to the Termination Date in the manner set forth below; provided that (x) such Competitive Bid Borrowing shall not exceed an amount equal to the amount by which the aggregate Unused Revolving Credit Commitments of the Lenders in effect immediately prior to giving effect to such Competitive Bid Borrowing exceeds the Commercial Paper Set-Aside Amount at such time and (y) following the making of each Competitive Bid Borrowing, the aggregate amount of the Competitive Bid Advances of all Lenders then outstanding shall not exceed \$1,500,000,000:

(i) The Borrower may request a Competitive Bid Borrowing under this Section 2.03 by delivering to the Paying Agent, by telecopier or telex, a notice of a Competitive Bid Borrowing (a "Notice of Competitive Bid Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying therein the requested (v) date of

such proposed Competitive Bid Borrowing, (w) aggregate amount of such proposed Competitive Bid Borrowing, (x) in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, Interest Period, or in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances, maturity date for repayment of each Fixed Rate Advance to be made as part of such Competitive Bid Borrowing (which maturity date may not be earlier than the date occurring 7 days after the date of such Competitive Bid Borrowing or later than the earlier of (I) 180 days after the date of such Competitive Bid Borrowing and (II) the Termination Date), (y) interest payment date or dates relating thereto, and (z) other terms (if any) to be applicable to such Competitive Bid Borrowing, not later than 10:00 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall specify in the Notice of Competitive Bid Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum (the Advances comprising any such Competitive Bid Borrowing being referred to herein as "Fixed Rate Advances") and (B) at least four Business Days prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall instead specify in the Notice of Competitive Bid Borrowing that the rates of interest be offered by the Lenders are to be based on the LIBO Rate (the Advances comprising such Competitive Bid Borrowing being referred to herein as "LIBO Rate Advances"). Each Notice of Competitive Bid Borrowing shall be irrevocable and binding on the Borrower. The Paying Agent shall in turn promptly notify each Lender of each request for a Competitive Bid Borrowing received by it from the Borrower by sending such Lender a copy of the related Notice of Competitive Bid Borrowing.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Advances to the Borrower as part of such proposed Competitive Bid Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Paying Agent (which shall give prompt notice thereof to the Borrower), before 10:00 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 10:00 A.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, of the minimum amount and maximum amount of each Competitive Bid Advance which such Lender would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's Revolving Credit Commitment, if any), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such Competitive Bid Advance; provided that if the Paying Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Paying Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Paying Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Paying Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Competitive Bid Advance as part of such Competitive Bid Borrowing; provided that the failure by any Lender to give such

notice shall not cause such Lender to be obligated to make any Competitive Bid Advance as part of such proposed Competitive Bid Borrowing.

(iii) The Borrower shall, in turn, before 11:00 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 1:00 P.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, either:

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

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

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

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, the Paying Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, of the amount of each Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing, and (C) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, upon receipt, that the Paying Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing shall, before 12:00 noon (New York City time) on the date of such Competitive Bid Borrowing specified in the notice received from the Paying Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Paying Agent pursuant to clause (C) of the preceding sentence, make available for the account of

its Applicable Lending Office to the Paying Agent at the Paying Agent's Account, in same day funds, such Lender's portion of such Competitive Bid Borrowing. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Paying Agent of such funds, the Paying Agent will make such funds available to the Borrower at the Paying Agent's address referred to in Section 8.02. Promptly after each Competitive Bid Borrowing the Paying Agent will notify each Lender of the amount and maturity of the Competitive Bid Borrowing and the aggregate amount of the Competitive Bid Advances outstanding immediately after giving effect to such Competitive Bid Borrowing.

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

(b) Each Competitive Bid Borrowing shall be in an aggregate amount of \$25,000,000 or an integral multiple of \$1,000,000 in excess thereof and, following the making of each Competitive Bid Borrowing, the Borrower and each Lender shall be in compliance with the limitations set forth in the proviso to the first sentence of subsection (a) above.

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

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

(e) The Borrower shall pay interest on the unpaid principal amount of each Competitive Bid Advance from the date of such Competitive Bid Advance to the date the principal amount of such Competitive Bid Advance is repaid in full, at the rate of interest for such Competitive Bid Advance specified by the Lender making such Competitive Bid Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the

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

(f) The indebtedness of the Borrower resulting from each Competitive Bid Advance made to the Borrower as part of a Competitive Bid Borrowing shall, upon the request of the Lender making such Competitive Bid Advance, be evidenced by a separate Competitive Bid Note of the Borrower payable to the order of the Lender making such Competitive Bid Advance, which Competitive Bid Note shall be delivered by the Borrower to the Paying Agent promptly following the making of such Competitive Bid Advance in a principal amount equal to the principal amount of such Competitive Bid Advance.

(g) Upon delivery of each Notice of Competitive Bid Borrowing, the Borrower shall pay a non-refundable fee of \$2,000 to the Paying Agent for its own account.

(h) Effective as of the Effective Date, (i) the competitive bid advances made to the Borrower prior to such date by Persons that are Lenders hereunder and set forth on Schedule 2.03(h) hereto (each such competitive bid advance being an "Existing Competitive Bid Advance") in an aggregate principal amount not exceeding the total amount set forth on such Schedule will be deemed to have been made as, and be, Competitive Bid Advances hereunder and (ii) the Obligations of the Borrower in respect of the Existing Competitive Bid Advances shall be Obligations of the Borrower hereunder and shall no longer be Obligations under the documents pursuant to which such Existing Competitive Bid Advances were initially made.

SECTION 2.04. Fees. (a) Facility Fee. The Borrower agrees to pay to the Paying Agent for the account of each Lender (other than the Designated Bidders) a facility fee on the aggregate amount of such Lender's Revolving Credit Commitment from the date hereof in the case of each Initial Lender and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the Termination Date at a rate per annum equal to the Facility Fee Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing September 30, 1997, and on the Termination Date; provided, however, that any facility fee accrued with respect to the Revolving Credit Commitment of a Defaulting Lender during the period prior to the time such Lender became a Defaulting Lender and unpaid at such time shall not be payable by the Borrower so long as such Lender shall be a Defaulting Lender except to the extent that such facility fee shall otherwise have been due and payable by the Borrower prior to such time; and provided further that no facility fee shall accrue on the Revolving Credit Commitment of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

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

Paying Agent.

SECTION 2.05. Termination or Reduction of the Commitments. The Borrower shall have the right, upon at least three Business Days' notice to the Paying Agent, to terminate in whole or reduce ratably in part the unused portion of the Swing Line Facility and the Letter of Credit Facility and the Unused Revolving Credit Commitments, provided that each partial reduction shall be in the aggregate amount of \$25,000,000 or an integral multiple of \$10,000,000 in excess thereof. The Swing Line Facility and the Letter of Credit Facility shall be permanently reduced from time to time on the date of each reduction in the Revolving Credit Facility by the amount, if any, by which the aggregate amount of the Swing Line Facility and the Letter of Credit Facility, respectively, exceed the Revolving Credit Facility after giving effect to such reduction of the Revolving Credit Facility.

SECTION 2.06. Repayment of Regular Advances. (a) Revolving Credit Advances. The Borrower shall repay to the Paying Agent for the ratable account of the Lenders on the Termination Date the aggregate principal amount of the Revolving Credit Advances then outstanding.

(b) Swing Line Advances. The Borrower shall repay to the Paying Agent for the account of each Swing Line Bank and each other Revolving Lender that has made a Swing Line Advance the outstanding principal amount of each Swing Line Advance made by each of them on the earlier of the maturity date specified in the applicable Notice of Swing Line Borrowing (which maturity shall be no later than the seventh day after the requested date of such Borrowing) and the Termination Date.

(c) Letter of Credit Advances. The Borrower shall repay to the Paying Agent for the account of each Issuing Bank and each other Revolving Credit Lender that has made a Letter of Credit Advance the outstanding principal amount of each Letter of Credit Advance made by each of them on demand.

SECTION 2.07. Interest on Regular Advances. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Regular Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

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

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

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default, the Borrower shall pay interest on (i) the unpaid principal amount of each Regular Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

SECTION 2.08. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Paying Agent timely information for the purpose of determining each Eurodollar Rate and each LIBO Rate when necessary. If any one or more of the Reference Banks shall not furnish such timely information to the Paying Agent for the purpose of determining any such interest rate, the Paying Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Paying Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Paying Agent for purposes of Section 2.07(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.07(a)(ii).

(b) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Paying Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Paying Agent shall forthwith so notify the Borrower and the Lenders, whereupon (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Revolving Credit Advances into, Eurodollar Rate Advances shall be suspended until the Paying Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

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

(d) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$25,000,000, such Advances shall automatically Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default, (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended for the duration of such Event of Default.

(f) During such time as the Eurodollar Rate or

the LIBO Rate, as the case may be, is determined by clause (a)(ii) of the definition thereof, respectively, if neither Reference Bank furnishes timely information to the Paying Agent for determining the Eurodollar Rate or LIBO Rate for any Eurodollar Rate Advances or LIBO Rate Advances, as the case may be,

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

(ii) with respect to Eurodollar Rate Advances, each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance) until the Paying Agent shall notify the Borrower and the Lenders that the circumstances causing the suspension of Eurodollar Rate Advances or LIBO Rate Advances no longer exist, and

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

SECTION 2.09. Optional Conversion of Revolving Credit Advances. The Borrower may, upon notice given to the Paying Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, on any Business Day Convert all Revolving Credit Advances of one Type comprising the same Borrowing into Revolving Credit Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(c) and no Conversion of any Revolving Credit Advances shall result in more separate Revolving Credit Borrowings than permitted under Section 2.02(c). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Revolving Credit Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.10. Prepayments of Regular Advances. (a) Optional. The Borrower may, upon at least three Business Days' notice in the case of Eurodollar Rate Advances and same day notice in the case of Base Rate Advances, in each case to the Paying Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Regular Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

(b) Mandatory. (i) (A) The Borrower shall, on each Business Day, prepay an aggregate principal amount of the Revolving Credit Advances comprising part of the same Borrowings, the Swing Line Advances and the Letter of Credit Advances equal

to the amount by which (1) the sum of the aggregate principal amount of (w) the Revolving Credit Advances, (x) the Swing Line Advances, (y) the Letter of Credit Advances and (z) the Competitive Bid Advances then outstanding plus the aggregate Available Amount of all Letters of Credit then outstanding exceeds (2) the amount by which (I) the Revolving Credit Facility exceeds (II) the Commercial Paper Set-Aside Amount on such Business Day. Such prepayments of the Revolving Credit Facility shall be first applied to prepay Letter of Credit Advances then outstanding until such Advances are paid in full, second applied to prepay Swing Line Advances then outstanding until such Advances are paid in full and third applied to prepay Revolving Credit Advances then outstanding comprising part of the same Borrowings until such Advances are paid in full.

(B) The Borrower shall, on each Business Day and on the Termination Date, pay to the Paying Agent for deposit in the Letter of Credit Collateral Account an amount sufficient to cause the aggregate amount on deposit in such account to equal the amount by which the aggregate Available Amount of all Letters of Credit then outstanding exceeds the Letter of Credit Facility on such Business Day or the Termination Date, as the case may be, provided that with respect to any payment to be made under this clause (B) on the Termination Date, the Borrower shall make such payment or, at its option, provide a "back-to-back" letter of credit to the Issuing Banks that issued the Letters of Credit outstanding at such time in a form satisfactory to such Issuing Banks and the Paying Agent in their sole discretion, issued by a bank satisfactory to such Issuing Banks and the Paying Agent in their sole discretion, in an amount equal to the aggregate Available Amount of the Letters of Credit then outstanding.

(ii) All prepayments under this subsection (b) shall be made together with accrued interest to the date of such prepayment on the principal amount prepaid.

SECTION 2.11. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender Party of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or LIBO Rate Advances or of agreeing to issue or of issuing or maintaining Letters of Credit (excluding for purposes of this Section 2.11 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.14 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender Party is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender Party (with a copy of such demand to the Paying Agent), pay to the Paying Agent for the account of such Lender Party additional amounts sufficient to compensate such Lender Party for such increased cost; provided, however, that a Lender claiming additional amounts under this Section 2.11(a) agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to the Borrower by such Lender, shall be conclusive and binding for all purposes, absent manifest error. If the Borrower so notifies the Paying Agent within ten Business Days after any Lender notifies the Borrower of any increased cost pursuant to the foregoing provisions of this Section 2.11(a), the Borrower may, upon payment of such increased cost to such Lender, replace such Lender with a Person that is an Eligible Assignee in accordance with the terms of Section 8.07 (and the Lender being so replaced shall take all action as may be necessary to assign

its rights and obligations under this Agreement to such Eligible Assignee).

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

SECTION 2.12. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Paying Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or LIBO Rate Advances or to fund or maintain Eurodollar Rate Advances or LIBO Rate Advances hereunder, (i) each Eurodollar Rate Advance or LIBO Rate Advance, as the case may be, will automatically, upon such demand, Convert into a Base Rate Advance or an Advance that bears interest at the rate set forth in Section 2.07(a)(i), as the case may be, and (ii) the obligation of the Lenders to make Eurodollar Rate Advances or LIBO Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Paying Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.13. Payments and Computations. (a) The Borrower shall make each payment hereunder and under the Notes not later than 12:00 Noon (New York City time) on the day when due in U.S. dollars to the Paying Agent at the Paying Agent's Account in same day funds. The Paying Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.04(b), 2.11, 2.14, 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender Party to such Lender Party for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(i), from and after the effective date specified in such Assignment and Acceptance, the Paying Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender Party assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes each Lender Party, if and to the extent payment owed to such Lender Party is not

made when due hereunder or under the Note held by such Lender Party, to charge from time to time against any or all of the Borrower's accounts with such Lender Party any amount so due.

(c) All computations of interest, facility fees and Letter of Credit commissions shall be made by the Paying Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, facility fees or commissions are payable. Each determination by the Paying Agent of an interest rate, facility fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

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

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

SECTION 2.14. Taxes. (a) Any and all payments by the Borrower hereunder or under the Notes shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender Party and any Agent, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender Party or such Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender Party, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender Party's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender Party or any Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender Party or such Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any present or future stamp or documentary taxes or any other excise or property

taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify each Lender Party and each Agent for and hold it harmless against the full amount of Taxes or Other Taxes (including, without limitation, taxes of any kind imposed by any jurisdiction on amounts payable under this Section 2.14) imposed on or paid by such Lender Party or such Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender Party or such Agent (as the case may be) makes written demand therefor.

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

(e) Each Lender Party organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender or Initial Issuing Bank, as the case may be, and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender Party in the case of each other Lender Party, and from time to time thereafter as requested in writing by the Borrower (but only so long as such Lender Party remains lawfully able to do so), shall provide each of the Paying Agent and the Borrower with two original Internal Revenue Service forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender Party is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes. If the form provided by a Lender Party at the time such Lender Party first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender Party provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender Party assignee becomes a party to this Agreement, the Lender Party assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender Party assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form 1001 or 4224, that the Lender Party reasonably considers to be confidential, the Lender Party shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender Party has failed to provide the Borrower with the appropriate form described in Section 2.14(e) (other than if such failure is due to a change in law occurring subsequent to the date on which a form originally was required to be provided, or if such form otherwise is not required under subsection (e) above), such Lender Party shall not be entitled to indemnification under Section 2.14(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender Party become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as the Lender Party shall reasonably request to assist the Lender Party to recover such Taxes.

(g) Any Lender Party claiming any additional amounts payable pursuant to this Section 2.14 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Eurodollar Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender Party, be otherwise disadvantageous to such Lender Party.

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than pursuant to Section 2.04(b), 2.11, 2.14 or 8.04) in excess of its ratable share of payments on account of the Revolving Credit Advances, Swing Line Advances or Letter of Credit Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Credit Advances, Swing Line Advances or Letter of Credit Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.16. Letters of Credit. (a) The Letter of Credit Facility. Each Issuing Bank severally agrees, on the terms and conditions hereinafter set forth, to issue letters of credit (together with the Existing Letters of Credit, the "Letters of Credit") for the account of the Borrower specified by the Borrower from time to time on any Business Day during the period from the date hereof until 10 days before the Termination Date (i) in an aggregate Available Amount for all Letters of Credit issued by such Issuing Bank not to exceed at any time such Issuing Bank's Letter of Credit Commitment (or such greater amount as such Issuing Bank shall agree) and (ii) in an Available Amount for each such Letter of Credit not to exceed an amount equal to (1) the lesser of (x) the Letter of Credit Facility at such time and (y) an amount equal to the Unused Revolving Credit Commitments of the Revolving Credit Lenders at such time less (2) the sum of the Commercial Paper Set-Aside Amount and the Electronic L/C Reserve then in effect, provided that no Standby Letters of Credit shall be denominated in an Alternative Currency and no Trade Letter of Credit denominated in an Alternative Currency shall be issued if the aggregate Available Amount of all outstanding Letters of Credit denominated in Alternative

Currencies shall exceed the equivalent Dollar amount, determined in accordance with Section 1.04, of \$25,000,000. No Letter of Credit shall have an expiration date (including all rights of the Borrower or the beneficiary to require renewal) later than the earlier of (A) in the case of a Letter of Credit denominated in an Alternative Currency, 60 days before the Termination Date, and in all other cases, 10 days before the Termination Date and (B) (1) in the case of a Standby Letter of Credit, one year after the date of issuance thereof (but such Standby Letter of Credit may by its terms be automatically renewable annually upon notice (a "Notice of Renewal") given to the Issuing Bank that issued such Standby Letter of Credit and the Paying Agent on or prior to any date for notice of renewal set forth in such Letter of Credit but in any event at least three Business Days prior to the date of the proposed renewal of such Standby Letter of Credit and upon fulfillment of the applicable conditions set forth in Article III unless such Issuing Bank has notified the Borrower (with a copy to the Paying Agent) on or prior to the date for notice of termination set forth in such Letter of Credit but in any event at least 30 Business Days prior to the date of automatic renewal of its election not to renew such Standby Letter of Credit (a "Notice of Termination")) and (2) in the case of a Trade Letter of Credit, one year after the date of issuance thereof; provided that the terms of each Standby Letter of Credit that is automatically renewable annually shall (x) require the Issuing Bank that issued such Standby Letter of Credit to give the beneficiary named in such Standby Letter of Credit notice of any Notice of Termination, (y) permit such beneficiary, upon receipt of such notice, to draw under such Standby Letter of Credit prior to the date such Standby Letter of Credit otherwise would have been automatically renewed and (z) not permit the expiration date (after giving effect to any renewal) of such Standby Letter of Credit in any event to be extended to a date after the dates referred to in clause (A) above. If either a Notice of Renewal is not given by the Borrower or a Notice of Termination is given by the relevant Issuing Bank pursuant to the immediately preceding sentence, such Standby Letter of Credit shall expire on the date on which it otherwise would have been automatically renewed; provided, however, that even in the absence of receipt of a Notice of Renewal the relevant Issuing Bank may in its discretion, unless instructed to the contrary by the Paying Agent or the Borrower, deem that a Notice of Renewal had been timely delivered and in such case, a Notice of Renewal shall be deemed to have been so delivered for all purposes under this Agreement. Within the limits of the Letter of Credit Facility, and subject to the limits referred to above, the Borrower may request the issuance of Letters of Credit under this Section 2.16(a), repay any Letter of Credit Advances resulting from drawings thereunder pursuant to Section 2.16(c) and request the issuance of additional Letters of Credit under this Section 2.16(a). The Borrower and any one Issuing Bank (the "Electronic Issuing Bank") may from time to time agree to reserve under the Letter of Credit Facility an amount (the "Electronic L/C Reserve") not to exceed the Letter of Credit Facility, which reserve shall (A) be available solely for electronically issued Trade Letters of Credit from time to time in accordance with customary procedures applicable thereto and each such electronically issued Letter of Credit (an "Electronic L/C") shall be considered a Letter of Credit for all purposes under this Agreement and (B) be established or revised upon not less than 2 Business Days' prior written notice thereof from the Borrower to the Paying Agent, provided that, upon the occurrence and during the continuance of an Event of Default, the ability to establish and maintain the Electronic L/C Reserve and the ability of an Issuing Bank to electronically issue Trade Letters of Credit under this Agreement shall be suspended.

(b) Request for Issuance. (i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (New York City time) on the second Business Day prior to the date of the proposed issuance of such Letter of Credit, by the Borrower to any Issuing Bank or by such later date as may be agreed by the Borrower and such Issuing Bank (subject to the

proviso to the last sentence in Section 2.16(a)), which shall give to the Paying Agent and each Revolving Credit Lender prompt notice thereof by telex or telecopier); provided, however, that the Borrower may request (and if such request is made, the Borrower shall represent and warrant that, after giving effect to such issuance, the aggregate Available Amount of Letters of Credit outstanding does not exceed the Letter of Credit Facility) and the Electronic Issuing Bank may issue Electronic L/Cs without the giving of notice thereof by such Issuing Bank to the Paying Agent and each Revolving Credit Lender unless and until the Paying Agent has notified such Issuing Bank that it must give such notice prior to any issuance of Letters of Credit and, provided further that the amount, if any, of the Electronic L/C Reserve shall reduce the amount of non-electronically issued Trade Letters of Credit that may be issued. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telephone, confirmed immediately in writing, or telex or telecopier, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) Available Amount of such Letter of Credit, (C) expiration date of such Letter of Credit, (D) name and address of the beneficiary of such Letter of Credit and (E) form of such Letter of Credit, and shall be accompanied by such application and agreement for letter of credit as such Issuing Bank may specify to the Borrower for use in connection with such requested Letter of Credit or, in the case of Electronic L/Cs, shall be subject to the agreement entered into with the Electronic Issuing Bank with respect thereto (in each case, a "Letter of Credit Agreement"). If (x) the requested form of such Letter of Credit is reasonably acceptable to such Issuing Bank in its sole discretion and (y) it has not received notice of objection to such issuance on the grounds that the Borrower has failed to satisfy the conditions set forth in Section 3.02 from the Required Lenders, such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article III, make such Letter of Credit available to the Borrower at its office referred to in Section 8.02 or as otherwise agreed with the Borrower in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(ii) Each Issuing Bank shall furnish (A) to the Paying Agent on the first Business Day of each week a written report summarizing issuance and expiration dates of Letters of Credit issued by such Issuing Bank during the previous week and drawings during such week under all Letters of Credit issued by such Issuing Bank, (B) to each Revolving Credit Lender on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit issued by such Issuing Bank during the preceding month and drawings during such month under all Letters of Credit issued by such Issuing Bank and (C) to the Paying Agent and each Revolving Credit Lender on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit issued by such Issuing Bank.

(c) Drawing and Reimbursement. Unless the Borrower shall have paid the Paying Agent for the account of the applicable Issuing Bank simultaneously with or prior to such Issuing Bank's payment of a draft drawn under a Letter of Credit issued by it in accordance with the terms of Section 2.16(a) an amount equal to the amount of such payment (such amount to be notified to the Borrower by the Issuing Bank on the Business Day immediately preceding any such payment), the payment by such Issuing Bank of a draft drawn under any such Letter of Credit shall constitute for all purposes of this Agreement the making by such Issuing Bank of a Letter of Credit Advance, which shall be a Base Rate Advance, in the amount of such draft or, in the case of any such Letter of Credit denominated in an Alternative Currency, an amount equal to the Dollar equivalent of such draft. Upon written demand by any Issuing Bank with an outstanding Letter of Credit Advance, with a copy of such demand to the Paying Agent,

each Revolving Credit Lender shall purchase from such Issuing Bank, and such Issuing Bank shall sell and assign to each such Revolving Credit Lender, such Lender's Pro Rata Share of such outstanding Letter of Credit Advance as of the date of such purchase, by making available for the account of its Applicable Lending Office to the Paying Agent for the account of such Issuing Bank, by deposit to the Paying Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Letter of Credit Advance to be purchased by such Lender. The Borrower hereby agrees to each such sale and assignment. Each Revolving Credit Lender agrees to purchase its Pro Rata Share of an outstanding Letter of Credit Advance on (i) the Business Day on which demand therefor is made by the Issuing Bank which made such Advance, provided notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. Upon any such assignment by an Issuing Bank to any Revolving Credit Lender of a portion of a Letter of Credit Advance, such Issuing Bank represents and warrants to such Lender that such Issuing Bank is the legal and beneficial owner of such interest being assigned by it, free and clear of any liens, but makes no other representation or warranty and assumes no responsibility with respect to such Letter of Credit Advance, the Loan Documents or the Borrower. If and to the extent that any Revolving Credit Lender shall not have so made the amount of such Letter of Credit Advance available to the Paying Agent, such Revolving Credit Lender agrees to pay to the Paying Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by such Issuing Bank until the date such amount is paid to the Paying Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Lender shall pay to the Paying Agent such amount for the account of such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Letter of Credit Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Letter of Credit Advance made by such Issuing Bank shall be reduced by such amount on such Business Day. For purposes of this subsection (c), the equivalent Dollar amount of any reimbursement obligation of the Borrower in respect of any Letter of Credit denominated in an Alternative Currency, and of any obligation of the Revolving Credit Lenders to pay to the applicable Issuing Bank their Pro Rata Share of drafts drawn under any Letter of Credit that is denominated in an Alternative Currency, shall be determined by using the quoted spot rate at which the applicable Issuing Bank offers to exchange Dollars for such Alternative Currency at the office where the draft giving rise to such reimbursement obligation was presented at 11:00 A.M. local time for such office on the date on which the applicable Issuing Bank honors a draft drawn under such Letter of Credit. The applicable Issuing Bank's determination of each spot rate of exchange pursuant to this Section 2.16(c) shall be final and conclusive in the absence of manifest error.

(d) Failure to Make Letter of Credit Advances. The failure of any Lender to make the Letter of Credit Advance to be made by it on the date specified in Section 2.16(c) shall not relieve any other Lender of its obligation hereunder to make its Letter of Credit Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Letter of Credit Advance to be made by such other Lender on such date.

(e) Obligations Absolute. The Obligations of the Borrower under this Agreement, any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of this Agreement, any Note, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

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

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

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

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit, unless such draft or certificate is substantially different from the applicable form specified by such Letter of Credit;

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

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

(f) Compensation. (i) The Borrower shall pay to the Paying Agent for the account of each Revolving Credit Lender a commission on such Lender's Pro Rata Share of the average daily aggregate Available Amount of (A) all Standby Letters of Credit outstanding from time to time at a rate per annum equal to the Applicable Margin in effect from time to time for Eurodollar Rate Advances and (B) all Trade Letters of Credit outstanding from time to time at a rate per annum equal to the Applicable Margin in effect from time to time for Trade Letters of Credit, in each case, calculated for the quarterly period ending on the last Business Day of each March, June, September and December and payable in arrears on the fifth Business Day following each such period, and on the Termination Date.

(ii) The Borrower shall pay to each Issuing Bank, for its own account, such commissions, issuance fees, fronting fees, transfer fees and other fees and charges in connection with the issuance or administration of each Letter of Credit as the Borrower and such Issuing Bank shall agree.

(g) Existing Letters of Credit. Effective as of the Effective Date (i) the letters of credit issued for the account of the Borrower prior to such date by Persons that are Issuing Banks hereunder and set forth on Schedule 2.16(g) hereto (such letters of credit being the "Existing Letters of Credit") in an aggregate face amount not exceeding the total amount set forth on such Schedule will be deemed to have been issued as, and be, Letters of Credit hereunder and (ii) the Existing Letters of

Credit and the reimbursement obligations in respect thereof shall be Obligations of the Borrower hereunder and shall no longer be Obligations under the documents pursuant to which such Existing Letters of Credit were initially issued.

SECTION 2.17. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Borrower and its Subsidiaries.

SECTION 2.18. Defaulting Lenders. (a) If at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Advance to the Borrower and (iii) the Borrower shall be required to make any payment hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then the Borrower may, so long as no Default shall occur or be continuing at such time and to the fullest extent permitted by applicable law: (x) replace such Lender with a Person that is an Eligible Assignee in accordance with the terms of Section 8.07 (and the Lender being so replaced shall take all action as may be necessary to assign its rights and obligations under this Agreement to such Eligible Assignee) and (y) set off and otherwise apply the Obligation of the Borrower to make such payment to or for the account of such Defaulting Lender against the obligation of such Defaulting Lender to make such Defaulted Advance. If on any date the Borrower shall so set off and otherwise apply its Obligation to make any such payment against the obligation of such Defaulting Lender to make any such Defaulted Advance on or prior to such date, the amount so set off and otherwise applied by the Borrower shall constitute for all purposes of this Agreement and the other Loan Documents an Advance by such Defaulting Lender made on such date under the Facility pursuant to which such Defaulted Advance was originally required to have been made pursuant to Section 2.01. Such Advance shall be a Base Rate Advance and shall be considered, for all purposes of this Agreement, to comprise part of the Borrowing in connection with which such Defaulted Advance was originally required to have been made pursuant to Section 2.01, even if the other Advances comprising such Borrowing shall be Eurodollar Rate Advances on the date such Advance is deemed to be made pursuant to this subsection (a). The Borrower shall notify the Paying Agent at any time the Borrower exercises its right of set-off pursuant to this subsection (a) and shall set forth in such notice (A) the name of the Defaulting Lender and the Defaulted Advance required to be made by such Defaulting Lender and (B) the amount set off and otherwise applied in respect of such Defaulted Advance pursuant to this subsection (a). Any portion of such payment otherwise required to be made by the Borrower to or for the account of such Defaulting Lender that is paid by the Borrower, after giving effect to the amount set off and otherwise applied by the Borrower pursuant to this subsection (a), shall be applied by the Paying Agent as specified in subsection (b) or (c) of this Section 2.18.

(b) If at any one time (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Amount to the Paying Agent or any of the other Lenders and (iii) the Borrower shall make any payment hereunder or under any other Loan Document to the Paying Agent for the account of such Defaulting Lender, then the Paying Agent may, on its behalf or on behalf of such other Lenders and to the fullest extent permitted by applicable law, apply at such time the amount so paid by the Borrower to or for the account of such Defaulting Lender to the payment of each such Defaulted Amount to the extent required to pay such Defaulted Amount. If the Paying Agent shall so apply any such amount to the payment of any such Defaulted Amount on any date, the amount so applied by the Paying Agent shall constitute for all purposes of this Agreement and the other Loan Documents payment, to such extent, of such Defaulted Amount on such date. Any such amount so applied by the Paying Agent shall be retained by the Paying Agent or distributed by the Paying Agent to such other Lenders, ratably in accordance with

the respective portions of such Defaulted Amounts payable at such time to the Paying Agent and such other Lenders and, if the amount of such payment made by the Borrower shall at such time be insufficient to pay all Defaulted Amounts owing at such time to the Paying Agent and the other Lenders, in the following order of priority:

(i) first, to the Paying Agent for any Defaulted Amount then owing to the Paying Agent; and

(ii) second, to any other Lenders for any Defaulted Amounts then owing to such other Lenders, ratably in accordance with such respective Defaulted Amounts then owing to such other Lenders.

Any portion of such amount paid by the Borrower for the account of such Defaulting Lender remaining after giving effect to the amount applied by the Paying Agent pursuant to this subsection (b) shall be applied by the Paying Agent as specified in subsection (c) of this Section 2.18.

(c) If at any one time (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall not owe a Defaulted Advance or a Defaulted Amount and (iii) the Borrower, the Paying Agent or any other Lender shall be required to pay or distribute any amount hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then the Borrower or such other Lender shall pay such amount to the Paying Agent to be held by the Paying Agent, to the fullest extent permitted by applicable law, in escrow or the Paying Agent shall, to the fullest extent permitted by applicable law, hold in escrow such amount otherwise held by it. Any funds held by the Paying Agent in escrow under this subsection (c) shall be deposited by the Paying Agent in an account with Citibank, in the name and under the control of the Paying Agent, but subject to the provisions of this subsection (c). The terms applicable to such account, including the rate of interest payable with respect to the credit balance of such account from time to time, shall be Citibank's standard terms applicable to escrow accounts maintained with it. Any interest credited to such account from time to time shall be held by the Paying Agent in escrow under, and applied by the Paying Agent from time to time in accordance with the provisions of, this subsection (c). The Paying Agent shall, to the fullest extent permitted by applicable law, apply all funds so held in escrow from time to time to the extent necessary to make any Advances required to be made by such Defaulting Lender and to pay any amount payable by such Defaulting Lender hereunder and under the other Loan Documents to the Paying Agent or any other Lender, as and when such Advances or amounts are required to be made or paid and, if the amount so held in escrow shall at any time be insufficient to make and pay all such Advances and amounts required to be made or paid at such time, in the following order of priority:

(i) first, to the Paying Agent for any amount then due and payable by such Defaulting Lender to the Paying Agent hereunder;

(ii) second, to any other Lenders for any amount then due and payable by such Defaulting Lender to such other Lenders hereunder, ratably in accordance with such respective amounts then due and payable to such other Lenders; and

(iii) third, to the Borrower for any Advance then required to be made by such Defaulting Lender pursuant to a Commitment of such Defaulting Lender.

In the event that such Defaulting Lender shall, at any time, cease to be a Defaulting Lender, any funds held by the Paying Agent in escrow at such time with respect to such Defaulting Lender shall be distributed by the Paying Agent to such Defaulting Lender and applied by such Defaulting Lender to the

Obligations owing to such Lender at such time under this Agreement and the other Loan Documents ratably in accordance with the respective amounts of such Obligations outstanding at such time.

(d) The rights and remedies against a Defaulting Lender under this Section 2.18 are in addition to other rights and remedies that the Borrower may have against such Defaulting Lender with respect to any Defaulted Advance and that the Paying Agent or any Lender may have against such Defaulting Lender with respect to any Defaulted Amount.

SECTION 2.19. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Paying Agent) to the effect that a promissory note or other evidence of indebtedness is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Note, payable to the order of such Lender in a principal amount equal to the Commitment of such Lender.

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

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

(d) References herein to Notes shall mean and be references to Revolving Credit Notes and Competitive Bid Notes to the extent issued hereunder.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Initial Extension of Credit. The obligation of each Lender to make an Advance or of any Issuing Bank to issue a Letter of Credit on the occasion of the Initial Extension of Credit hereunder is subject to the satisfaction of the following conditions precedent before or concurrently with the Initial Extension of Credit:

(a) There shall have occurred no Material Adverse Change since February 1, 1997. Nothing shall have come to the attention of the Lenders during the course of their due

diligence investigation to lead them to believe that the Information Memorandum was or has become misleading, incorrect or incomplete in any material respect. Without limiting the generality of the foregoing, the Lenders shall have been given such access to the management, records, books of account, contracts and properties of the Borrower and its Subsidiaries as they shall have reasonably requested.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting the Borrower or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

(c) All amounts owing under the Existing Credit Agreement shall have been (or shall be concurrently with the Initial Extension of Credit) paid in full in cash (or otherwise satisfied with respect to Existing Letters of Credit and the Existing Competitive Bid Advances) and all Commitments (as defined in the Existing Credit Agreement) shall have been terminated.

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

(e) The Borrower shall have paid all accrued fees and expenses of the Agents and the Lender Parties (including the reasonable accrued fees and expenses of counsel to the Agents).

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

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

(ii) No event has occurred and is continuing or would result from the Initial Extension of Credit that constitutes a Default.

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

(i) The Revolving Credit Notes to the order of each of the Lenders that have requested Revolving Credit Notes prior to the Effective Date.

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the Notes, and of all documents (including, without limitation, charters and bylaws) evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and the Notes.

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

(iv) A favorable opinion of Jones, Day, Reavis & Pogue, counsel for the Borrower, substantially in the form of Exhibit E hereto and as to such other matters as any Lender Party through the Paying Agent may reasonably request.

(v) A favorable opinion of Dennis J. Broderick, General Counsel for the Borrower, in form and substance satisfactory to the Paying Agent.

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

SECTION 3.02. Conditions Precedent to Each Regular Borrowing and each Issuance and Renewal of Letters of Credit. The obligation of each Lender to make a Regular Advance (other than a Letter of Credit Advance made by an Issuing Bank or a Revolving Credit Lender pursuant to Section 2.16(c), or a Swing Line Advance made by a Revolving Credit Lender pursuant to Section 2.02(b)) on the occasion of each Regular Borrowing (including the initial Borrowing), the obligation of each Swing Line Bank to make a Swing Line Advance on the occasion of each Swing Line Borrowing and the obligation of each Issuing Bank to issue Letters of Credit (including the initial issuance) or renew a Standby Letter of Credit from time to time shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing, issuance or renewal (a) the following statements shall be true (and each of the giving of the applicable Notice of Revolving Credit Borrowing, Notice of Swing Line Borrowing, Notice of Issuance or Notice of Renewal and the acceptance by the Borrower of the proceeds of such Borrowing or such Letter of Credit Issuance or the renewal of such Standby Letter of Credit shall constitute a representation and warranty by the Borrower that on the date of such Borrowing, issuance or renewal such statements are true):

(i) the representations and warranties contained in Section 4.01 are correct on and as of the date of such Borrowing, issuance or renewal, before and after giving effect to such Borrowing, issuance or renewal and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Borrowing, issuance or renewal, in which case as of such specific date; and

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

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

SECTION 3.03. Conditions Precedent to Each Competitive Bid Borrowing. The obligation of each Lender that is to make a Competitive Bid Advance on the occasion of a Competitive Bid Borrowing to make such Competitive Bid Advance as part of such Competitive Bid Borrowing is subject to the conditions precedent that (i) the Paying Agent shall have received the written confirmatory Notice of Competitive Bid Borrowing with respect thereto, (ii) on or before the date of such Competitive Bid Borrowing, but prior to such Competitive Bid Borrowing, the Paying Agent shall have received a Competitive Bid Note payable

to the order of such Lender for each of the one or more Competitive Bid Advances to be made by such Lender as part of such Competitive Bid Borrowing for each such Lender that shall have requested such Note prior to the date of such Competitive Bid Borrowing, in a principal amount equal to the principal amount of the Competitive Bid Advance to be evidenced thereby and otherwise on such terms as were agreed to for such Competitive Bid Advance in accordance with Section 2.03, and (iii) on the date of such Competitive Bid Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Competitive Bid Borrowing and the acceptance by the Borrower of the proceeds of such Competitive Bid Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Competitive Bid Borrowing such statements are true):

(a) the representations and warranties contained in Section 4.01 are correct on and as of the date of such Competitive Bid Borrowing, before and after giving effect to such Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Borrowing, in which case as of such specific date;

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

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

SECTION 3.04. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender Party shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender Parties unless an officer of the Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender Party prior to the Initial Extension of Credit specifying its objection thereto and if the Initial Extension of Credit consists of a Borrowing, such Lender Party shall not have made available to the Paying Agent such Lender Party's ratable portion of such Borrowing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

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

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

(b) The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents, and the consummation of the transactions contemplated hereby and thereby, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) law or any contractual restriction binding on or affecting the Borrower.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower of this Agreement or any other Loan Document except for the authorizations, approvals, actions, notices and filings listed on Schedule 4.01(c) hereto, all of which have been duly obtained, taken, given or made and are in full force and effect.

(d) This Agreement has been, and each of the other Loan Documents when delivered hereunder will have been, duly executed and delivered by the Borrower. This Agreement is, and each of the other Loan Documents when delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms.

(e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at February 1, 1997, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the Fiscal Year then ended, accompanied by an opinion of KPMG Peat Marwick LLP, independent public accountants, and the Consolidated balance sheet of the Borrower and its Subsidiaries as at May 3, 1997, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the three months then ended, duly certified by the chief financial officer of the Borrower, copies of which have been furnished to each Lender Party, fairly present, subject, in the case of said balance sheet as at May 3, 1997, and said statements of income and cash flows for the three months then ended, to year-end audit adjustments, the Consolidated financial condition of the Borrower and its Subsidiaries as at such dates and the Consolidated results of the operations of the Borrower and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since February 1, 1997, there has been no Material Adverse Change.

(f) There is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

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

(h) The Borrower is not (i) an "investment company", within the meaning of the Investment Company Act of 1940, as amended or (ii) a "holding company", as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935, as amended.

(i) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan that has resulted in or is reasonably expected to result in a material liability to the Borrower or any ERISA Affiliate.

(j) As of the last annual actuarial valuation date, the funded current liability percentage, as defined in Section 302(d)(8) of ERISA, of each Plan exceeds 90% and there has been no material adverse change in the funding

status of any such Plan since such date.

(k) Neither the Borrower nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan that could be reasonably expected to result in a material liability of the Borrower or any ERISA Affiliate.

(l) Neither the Borrower nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA which reorganization or termination could be reasonably expected to result in a material liability of the Borrower or any ERISA Affiliate, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA which reorganization or termination could be reasonably expected to result in a material liability of the Borrower or any ERISA Affiliate.

(m) Except as set forth in the financial statements referred to in this Section 4.01 and in Section 5.01(h), the Borrower and its Subsidiaries have no material liability with respect to "expected post retirement benefit obligations" within the meaning of Statement of Financial Accounting Standards No. 106.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding (and not cash collateralized or for which a "back-to-back" letter of credit shall not have been issued pursuant to Section 2.10(b)(i)(B)) or any Lender Party shall have any Commitment hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such to include, without limitation, compliance with ERISA and Environmental Laws except, in any case, where the failure so to comply, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim (x) that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors and (y) if such non-payments, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates except where

failure to maintain such insurance could not be reasonably expected to have a Material Adverse Effect.

(d) Preservation of Corporate Existence, Etc.

Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory), permits, licenses, approvals, privileges and franchises, except, with respect to such rights, permits, licenses, approvals, and privileges, where the failure to do so could not be reasonably expected to have a Material Adverse Effect; provided, however, that the Borrower and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(b) and provided further that neither the Borrower nor any of its Subsidiaries shall be required to preserve or maintain (i) the corporate existence of any Minor Subsidiary if the Board of Directors of the parent of such Minor Subsidiary, or an executive officer of such parent to whom such Board of Directors has delegated the requisite authority, shall determine that the preservation and maintenance thereof is no longer desirable in the conduct of the business of such parent and that the loss thereof is not disadvantageous in any material respect to the Borrower, such parent, the Agents or the Lender Parties or (ii) any right, permit, license, approval or franchise if the Board of Directors of the Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower, such Subsidiary, the Agents or the Lender Parties.

(e) Visitation Rights. At any reasonable time and

from time to time, (i) permit any Agent or any of the Lender Parties or any agents or representatives thereof, (x) to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and (y) to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants, provided, however, that with respect to the Lender Parties and their rights described in clause (x) above, so long as no Event of Default shall have occurred and be continuing, such Lender Parties shall exercise rights at the same time (such time to be arranged by the Paying Agent with the Borrower) and (ii) take such action as may be necessary to authorize its independent certified public accountants to disclose to the Persons described in clause (i) above any and all financial statements and other information of any kind, including, without limitation, copies of any management letter, or the substance of any information that such accountants may have with respect to the business, financial condition or results of operations of the Borrower or any of its Subsidiaries.

(f) Keeping of Books. Keep, and cause each of its

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

(g) Maintenance of Properties, Etc. Except as

otherwise permitted pursuant to Section 5.02(e), or where the failure to do so, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect, maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) Reporting Requirements. Furnish to the Lenders:

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

(ii) as soon as available and in any event within 90 days after the end of each Fiscal Year, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing a Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such Fiscal Year, in each case accompanied by an opinion acceptable to the Required Lenders by KPMG Peat Marwick LLP or other independent public accountants acceptable to the Required Lenders and certificates of the chief financial officer of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the then applicable Public Debt Ratings and Interest Coverage Ratio and the calculations necessary to demonstrate compliance with Section 5.03, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(iii) as soon as possible and in any event within five days after any Responsible Officer becomes aware of the occurrence of each Default and each event, development or circumstance that has or could reasonably be expected to have a Material Adverse Effect in each case continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Default, event, development or other circumstance (including, without limitation, the anticipated effect thereof) and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of the holders of any class of its outstanding securities, and copies of all reports and registration statements (in the form in which such registration statements become effective), other than registration statements on Form S-8 or any successor form thereto, that the Borrower or any Subsidiary files with the

Securities and Exchange Commission or any national securities exchange;

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

(vi) as soon as possible, and in any event within five Business Days after any change in the then applicable Public Debt Rating, a certificate of the chief financial officer of the Borrower setting forth such Public Debt Rating; and

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

(i) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and no less favorable to the Borrower or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate, other than, so long as no Default has occurred and is continuing, transactions in the ordinary course of business between or among the Borrower and any of its Subsidiaries if such transaction could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding (and not cash collateralized or for which a "back-to-back" letter of credit shall not have been issued pursuant to Section 2.10(b)(i)(B)) or any Lender Party shall have any Commitment hereunder, the Borrower will not:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or sign or file, or permit any of its Subsidiaries to sign or file, under the Uniform Commercial Code of any jurisdiction, a financing statement that names the Borrower or any of its Subsidiaries as debtor, or sign, or permit any of its Subsidiaries to sign, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Subsidiaries to assign, any accounts or other right to receive income, excluding, however, from the operation of the foregoing restrictions the following:

(i) Liens created or existing under the Loan Documents;

(ii) Permitted Liens;

(iii) the Liens existing on the date hereof and described on Schedule 5.02(a) hereto;

(iv) purchase money Liens upon or in real property or equipment acquired or held by the Borrower or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of any such property or equipment to be

subject to such Liens, or Liens existing on any such property or equipment at the time of acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property or equipment), or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any properties of any character other than the real property or equipment being acquired, constructed or improved (except that Liens incurred in connection with the construction or improvement of real property may extend to additional real property immediately contiguous to such property being constructed or improved) and no such extension, renewal or replacement shall extend to or cover any such properties not theretofore subject to the Lien being extended, renewed or replaced;

(v) Liens arising in connection with Capitalized Leases permitted under Section 5.02(d)(vii); provided that no such Lien shall extend to or cover any assets other than the assets subject to such Capitalized Leases;

(vi) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower or becomes a Subsidiary of the Borrower; provided that such Liens (other than replacement Liens permitted under clause (xi) below) were not created in contemplation of such merger, consolidation or investment and do not extend to any assets other than those of the Person merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary;

(vii) Liens on accounts receivable and other related assets arising solely in connection with the sale or other disposition of such accounts receivable pursuant to Section 5.02(e)(ii);

(viii) Liens securing Documentary L/Cs or Trade Letters of Credit; provided that no such Lien shall extend to or cover any assets of the Borrower or any of its Subsidiaries other than the inventory (and bills of lading and other documents related thereto) being financed by any such Documentary L/C or Trade Letter of Credit, as the case may be;

(ix) Liens in respect of goods consigned to the Borrower or any of its Subsidiaries in the ordinary course of business; provided that such Liens are limited to the goods so consigned;

(x) financing statements filed in the ordinary course of business solely for notice purposes in respect of operating leases and in-store retail licensing arrangements entered into in the ordinary course of business;

(xi) Liens securing Debt incurred by the Borrower or its Subsidiaries, in an aggregate amount at any time outstanding not to exceed \$250,000,000; and

(xii) the replacement, extension or renewal of any Lien permitted by clause (iii), (v) or (vi) above upon or in the same property theretofore subject thereto or, in the case of Liens on real property and related personal property of the Borrower or any of its Subsidiaries, upon or in substitute property of like kind of the Borrower or such Subsidiary, as the case may be, determined in good

faith by the Board of Directors of the Borrower or such Subsidiary to be of the same or lesser value than the property theretofore subject thereto, or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

(b) Mergers, Etc. Merge or consolidate with or into any Person, or permit any of its Material Subsidiaries to do so, except that (i) any Subsidiary of the Borrower may merge or consolidate with or into any other Subsidiary of the Borrower, (ii) any Subsidiary of the Borrower may merge into the Borrower and the Borrower may merge with any other Person so long as the Borrower is the surviving corporation and (iii) in connection with any acquisition, any Subsidiary of the Borrower may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it, so long as the Person surviving such merger shall be a Subsidiary of the Borrower, provided, in each case, that no Event of Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

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

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

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

(ii) in the case of FDS National Bank, Debt owed to the Borrower and incurred in connection with the financing of accounts receivable in an aggregate principal amount not to exceed \$200,000,000 at any time outstanding;

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

(iv) Debt secured by Liens permitted by Section 5.02(a)(iv) aggregating not more than \$75,000,000 at any one time outstanding;

(v) unsecured Debt incurred in the ordinary course of business aggregating for all of the Borrower's Subsidiaries not more than \$150,000,000 at any one time outstanding;

(vi) indorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(vii) Capitalized Leases not to exceed in the aggregate \$100,000,000 at any time outstanding;

(viii) Debt secured by Liens permitted pursuant to Section 5.02(a)(xi);

(ix) Debt incurred in connection with the

sale or other disposition of accounts receivable pursuant to Section 5.02(e)(ii) arising in connection with the Receivables Financing Facility, including, without limitation, Debt consisting of indemnification obligations of the Borrower's Subsidiaries and the Borrower's guaranty thereof and Debt in respect of Hedge Agreements, provided that such Hedge Agreements shall be non-speculative in nature (including, without limitation, with respect to the term and purpose thereof);

(x) Debt in respect of Documentary L/Cs in an aggregate Available Amount not to exceed \$250,000,000 at any time outstanding; and

(xi) Debt of any Person that becomes a Subsidiary of the Borrower after the date hereof that is existing at the time such Person becomes a Subsidiary of the Borrower (other than Debt incurred solely in contemplation of such Person becoming a Subsidiary of the Borrower) and any Debt extending the maturity of, or refunding or refinancing, such Debt, in whole or in part, provided that the principal amount of such Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing.

(e) Sales, Etc. of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets or grant any option or other right to purchase, lease or otherwise acquire any assets, except (i) sales of assets for fair value, provided that the aggregate value of assets sold, leased, transferred or otherwise disposed of pursuant to this clause during the term of this Agreement shall not be greater than 20% of the value of the total Tangible Assets of the Borrower and its Subsidiaries on a Consolidated basis as of February 1, 1997 (as shown on the Consolidated balance sheet of the Borrower and its Subsidiaries on such date), and (ii) the sale or other disposition of accounts receivable and related charge accounts in the ordinary course of business of the Borrower and its Subsidiaries pursuant to the Receivables Financing Facility and the sale of certain accounts receivable to General Electric Capital Corporation.

(f) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of its business as carried on at the date hereof, except where such change could not be reasonably expected to have a Material Adverse Effect.

SECTION 5.03. Financial Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding (and not cash collateralized or for which a "back-to-back" letter of credit shall not have been issued pursuant to Section 2.10(b)(i)(B)) or any Lender Party shall have any Commitment hereunder, the Borrower will:

(a) Leverage Ratio. Maintain at the end of each Measurement Period a Leverage Ratio not greater than 0.62 to 1.0.

(b) Interest Coverage Ratio. Maintain at the end of each Measurement Period an Interest Coverage Ratio of at least 3.25 to 1.0.

EVENTS OF DEFAULT

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

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

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

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d), (e), (h) or (i), 5.02 (other than, with respect to Section 5.01(h) and 5.02(a), to the extent described in clause (ii) below) or 5.03, or (ii) the Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.02(a) (solely with respect to the imposition of non-consensual Liens) or Section 5.01(h)(i) or (ii) if such failure shall remain unremedied for 10 days or (iii) the Borrower shall fail to perform any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 20 days after the earlier of the date on which (A) a Responsible Officer of the Borrower becomes aware of such failure or (B) written notice thereof shall have been given to the Borrower by the Paying Agent or any Lender Party; or

(d) The Borrower or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least \$30,000,000 (or its equivalent in any Alternative Currency) in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Borrower or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for

any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$30,000,000 (or its equivalent in any Alternative Currency) shall be rendered against the Borrower or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 20 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; provided, however, that any such judgment or order shall only be an Event of Default under this Section 6.01(f) if and to the extent that the amount of such judgment or order not covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof exceeds \$30,000,000 so long as such insurer, which shall be rated at least "A" by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order; or

(g) Any non-monetary judgment or order shall be rendered against the Borrower or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 20 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 50% or more of the combined voting power of all Voting Stock of the Borrower; or (ii) during any period of up to 24 consecutive months, commencing before or after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of the Borrower (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Borrower was approved by a majority 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) shall cease for any reason to constitute a majority of the board of directors of the Borrower; or (iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, control over the management and policies of the Borrower; or

(i) any ERISA Event shall have occurred with respect to a Plan and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Borrower and its ERISA Affiliates related to such ERISA Event) exceeds \$30,000,000; or

(j) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$30,000,000 or requires payments exceeding \$5,000,000 per annum; or

(k) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding \$5,000,000; or

(l) any provision of any Loan Document after delivery thereof pursuant to Section 3.01 shall for any reason cease to be valid and binding on or enforceable against the Borrower, or the Borrower shall so state in writing;

then, and in any such event, the Paying Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances (other than Letter of Credit Advances by an Issuing Bank or a Revolving Credit Lender pursuant to Section 2.16(c) and other than Swing Line Advances by a Revolving Credit Lender pursuant to Section 2.02(b)) and of each Issuing Bank to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the United States Bankruptcy Code, (A) the obligation of each Lender to make Advances (other than Letter of Credit Advances by an Issuing Bank or a Revolving Credit Lender pursuant to Section 2.16(c) and other than Swing Line Advances by a Revolving Credit Lender pursuant to Section 2.02(b)) and of each Issuing Bank to issue Letters of Credit shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 6.02. Actions in Respect of the Letters of Credit upon Event of Default. (a) If, at any time and from time to time, any Letters of Credit shall have been issued by any Issuing Bank hereunder and (i) an Event of Default shall have occurred and be continuing, (ii) the Borrower shall have given notice of prepayment in whole under Section 2.10 of all Advances or shall have prepaid in whole all Advances, (iii) the Termination Date shall have occurred or (iv) if at any time, as a result of prepayments pursuant to Section 2.10, the Termination Date shall be a date not more than 30 days following the expiration of any Letter of Credit, then, upon the occurrence of any of the events described in clauses (i) through (iv) above, the Paying Agent may, and upon the request of any Issuing Bank or of the Required Lenders shall, whether in addition to the taking by any Agent of any of the actions described in Article VI or

otherwise, make demand upon the Borrower to, and forthwith upon such demand the Borrower will, pay to the Paying Agent for its benefit and the ratable benefit of the Lender Parties in same day funds at the Paying Agent's office designated in such demand, for deposit in a special cash collateral account (the "Letter of Credit Collateral Account") to be maintained in the name of the Paying Agent and under the sole dominion and control of the Paying Agent for the benefit of the Paying Agent and the ratable benefit of the Lender Parties at such place as shall be designated by the Paying Agent, an amount equal to the amount of the Letter of Credit Obligations.

(b) The Borrower hereby pledges and assigns to the Paying Agent for its benefit and the ratable benefit of the Lender Parties, and grants to the Paying Agent for its benefit and the ratable benefit of the Lender Parties a lien on and a security interest in, the following collateral (the "Letter of Credit Collateral"):

(i) the Letter of Credit Collateral Account, all cash deposited therein, and all certificates and instruments, if any, from time to time representing or evidencing the Letter of Credit Collateral Account;

(ii) all Eligible Securities from time to time held by the Paying Agent and all certificates and instruments from time to time representing or evidencing Eligible Securities;

(iii) all notes, certificates of deposit and other instruments from time to time hereafter delivered to or otherwise possessed by the Paying Agent for or on behalf of the Borrower in substitution for or in respect of any or all of the then existing Letter of Credit Collateral;

(iv) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Letter of Credit Collateral; and

(v) to the extent not covered by clauses (i) through (iv) above, all proceeds of any or all of the foregoing Letter of Credit Collateral.

The lien and security interest granted hereby secures the payment of all Obligations of the Borrower now or hereafter existing hereunder and under any other Loan Document.

(c) The Borrower hereby authorizes the Paying Agent to apply, from time to time after funds are deposited in the Letter of Credit Collateral Account, funds then held in the Letter of Credit Collateral Account to the payment of any amounts, in such order as the Paying Agent may elect, as shall have become or shall become due and payable by the Borrower to the Lender Parties in respect of the Letters of Credit.

(d) Neither the Borrower nor any Person claiming or acting on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Letter of Credit Collateral Account, except as provided in Section 6.02(h); provided, however, that as long as no Event of Default shall have occurred and be continuing, and to the extent that there is an amount in excess of \$1,000,000 in the Letter of Credit Collateral Account at the end of any Business Day after taking into account applications of funds, if any, from the Letter of Credit Collateral Account made pursuant to Section 6.02(c), the Paying Agent will, at the written request of the Borrower, from time to time invest amounts on deposit in the Letter of Credit Collateral Account in such Eligible Securities as the Borrower may select and the Paying Agent may approve; provided further that the Borrower shall take such action as the Paying Agent may deem necessary or desirable to create a perfected security interest in favor of the Paying Agent on behalf of itself and the Lender Parties in any such Eligible Securities. If the Borrower shall

have the right to have amounts on deposit in the Letter of Credit Collateral Account invested by the Paying Agent, but shall have failed to request the Paying Agent to invest such amounts, the Paying Agent will endeavor to invest such amounts in such Eligible Securities as the Paying Agent shall select. Any interest received by the Paying Agent in respect of Eligible Securities shall be credited against the Letter of Credit Obligations. Non-interest proceeds from Eligible Securities that are not invested or reinvested in Eligible Securities as provided above shall be deposited and held in cash in the Letter of Credit Collateral Account under the sole dominion and control of the Paying Agent.

(e) The Borrower agrees that it will not (i) sell or otherwise dispose of any interest in the Letter of Credit Collateral or (ii) create or permit to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Letter of Credit Collateral, except for the security interest created by this Section 6.02.

(f) If any Event of Default shall have occurred and be continuing:

(i) The Paying Agent may, in its sole discretion, without notice to the Borrower except as required by law and at any time from time to time, charge, set off and otherwise apply all or any part of first, the Letter of Credit Obligations and second, the other Obligations of the Borrower now or hereafter existing under any of the Loan Documents, against the Letter of Credit Collateral Account or any part thereof, in such order as the Paying Agent shall elect. The Paying Agent agrees promptly to notify the Borrower after any such set-off and application made by the Paying Agent, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Paying Agent under this Section 6.02(f) are in addition to other rights and remedies (including other rights of set-off) that the Paying Agent may have.

(ii) The Paying Agent may also exercise, in its sole discretion, in respect of the Letter of Credit Collateral Account, in addition to the other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in the State of New York at that time, and the Paying Agent may, without notice except as specified below, sell the Letter of Credit Collateral or any part thereof in one or more parcels at public or private sale, at any of the Paying Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Paying Agent may deem commercially reasonable. The Borrower agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Paying Agent shall not be obligated to make any sale of Letter of Credit Collateral or any part thereof, regardless of notice of sale having been given. The Paying Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(iii) Any cash held in the Letter of Credit Collateral Account, and all cash proceeds received by the Paying Agent in respect of any sale of, collection from or other realization upon all or any part of the Letter of Credit Collateral Account may, in the discretion of the Paying Agent, then or at any time thereafter be applied (after payment of any amounts payable pursuant to Section 8.04) in whole or in part by the Paying Agent for the ratable benefit

of the Lender Parties against all or any part of the obligations of the Borrower now or hereafter existing under any of the Loan Documents in such order as the Paying Agent may elect.

(g) The Paying Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Letter of Credit Collateral if the Letter of Credit Collateral is accorded treatment substantially equal to that which the Paying Agent accords its own property, it being understood that the Paying Agent shall not have any responsibility or liability (i) for ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Eligible Securities, whether or not the Paying Agent has or is deemed to have knowledge of such matters, (ii) for taking any necessary steps to preserve rights against any parties with respect to the Letter of Credit Collateral, (iii) for the collection of any proceeds from Eligible Securities, (iv) by reason of any invalidity, lack of value or uncollectability of any of the payments received by the Paying Agent from obligors with respect to Eligible Securities, or (v) for any loss resulting from investments made pursuant to Section 6.02(d), except to the extent such loss was attributable to the Paying Agent's gross negligence or wilful misconduct in complying with Section 6.02(d), or (vi) in connection with any investments made pursuant to Section 6.02(d) without a written request from the Borrower, or any failure by the Paying Agent to make any such investment.

(h) Any surplus of the funds held in the Letter of Credit Collateral Account and remaining after payment in full of all of the obligations of the Borrower under this Agreement and under any other Loan Document after the Termination Date shall be paid to the Borrower or to whomsoever may be lawfully entitled to receive such surplus.

ARTICLE VII

THE AGENTS

SECTION 7.01. Authorization and Action. Each Lender Party hereby appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to such Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Notes), no Agent shall be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lender Parties and all holders of Notes; provided, however, that no Agent shall be required to take any action that exposes such Agent to personal liability or that is contrary to this Agreement or applicable law. Each Agent agrees to give to each Lender Party prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. No Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, each Agent: (i) may treat the payee of any Note as the holder thereof until the Paying Agent receives and accepts an Assignment and Acceptance entered into by the Lender Party that is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any

action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender Party and shall not be responsible to any Lender Party for any statements, warranties or representations (whether written or oral) made in or in connection with the Loan Documents; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Loan Document on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citibank, Chase and Affiliates. With respect to their Commitments, the Advances made by them and the Note issued to them, Citibank and Chase shall have the same rights and powers under the Loan Documents as any other Lender Party and may exercise the same as though they were not the Agents; and the terms "Lender" or "Lenders" and "Lender Party" or "Lender Parties" shall, unless otherwise expressly indicated, include Citibank and Chase in their individual capacities. Citibank, Chase and their Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank and Chase were not the Agents and without any duty to account therefor to the Lender Parties.

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

SECTION 7.05. Indemnification. (a) Each Lender Party (other than the Designated Bidders) severally agrees to indemnify the Agents, the Syndication Agent and the Documentation Agent (to the extent not promptly reimbursed by the Borrower) from and against such Lender's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits or costs or reasonable expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Agent, Syndication Agent or Documentation Agent, as the case may be, in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Agent, Syndication Agent or Documentation Agent, as the case may be, under the Loan Documents; provided, however, that no Lender Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of any Agent, Syndication Agent or Documentation Agent, as the case may be. Without limitation of the foregoing, each Lender Party (other than the Designated Bidders) agrees to reimburse each Agent, Syndication Agent or Documentation Agent, as the case may be, promptly upon demand for its ratable share of

any reasonable costs and expenses (including, without limitation, reasonable fees and expenses of counsel) payable by the Borrower under Section 8.04, to the extent that such Agent, Syndication Agent or Documentation Agent, as the case may be is not promptly reimbursed for such costs and expenses by the Borrower. For purposes of this Section 7.05(a), the Lender Parties' respective ratable shares of any amount shall be determined, at any time, according to the sum of (a) the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lender Parties, (b) their respective Pro Rata Shares of the aggregate Available Amount of all Letters of Credit outstanding at such time and (c) their respective Unused Revolving Credit Commitments at such time. In the event that any Defaulted Advance shall be owing by any Defaulting Lender at any time, such Lender Party's Commitment with respect to the Facility under which such Defaulted Advance was required to have been made shall be considered to be unused for purposes of this Section 7.05(a) to the extent of the amount of such Defaulted Advance. The failure of any Lender to reimburse such Agent, Syndication Agent or Documentation Agent, as the case may be, promptly upon demand for its ratable share of any amount required to be paid by the Lender Parties to such Agent, Syndication Agent or Documentation Agent, as the case may be, as provided herein shall not relieve any other Lender Party of its obligation hereunder to reimburse such Agent, Syndication Agent or Documentation Agent, as the case may be, for its ratable share of such amount, but no Lender Party shall be responsible for the failure of any other Lender Party to reimburse such Agent, Syndication Agent or Documentation Agent, as the case may be, for such other Lender Party's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender Party hereunder, the agreement and obligations of each Lender Party contained in this Section 7.05(a) shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

(b) Each Lender Party (other than the Designated Bidders) severally agrees to indemnify each Issuing Bank (to the extent not reimbursed by the Borrower) from and against such Lender Party's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Issuing Bank in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Issuing Bank under the Loan Documents; provided, that no Lender Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender Party (other than the Designated Bidders) agrees to reimburse such Issuing Bank promptly upon demand for its ratable share of any costs and expenses (including, without limitation, reasonable fees and expenses of counsel) payable by the Borrower under Section 8.04, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Borrower. For purposes of this Section 7.05(b), the Lenders Parties' respective ratable shares of any amount shall be determined, at any time, according to the sum of (a) the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lender Parties, (b) their respective Pro Rata Shares of the aggregate Available Amount of all Letters of Credit outstanding at such time, and (c) their respective Unused Revolving Credit Commitments at such time. The failure of any Lender party (other than a Designated Bidder) to reimburse such Issuing Bank promptly upon demand for its ratable share of any amount required to be paid by the Lender Parties to such Issuing Bank as provided herein shall not relieve any other Lender Party of its obligation hereunder to reimburse such Issuing Bank for its ratable share of such amount, but no Lender Party shall be responsible for the failure of any other Lender Party to reimburse such Issuing Bank for such other Lender Party's ratable share of such amount.

Without prejudice to the survival of any other agreement of any Lender Party hereunder, the agreement and obligations of each Lender Party contained in this Section 7.05(b) shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

SECTION 7.06. Successor Agents. Either Administrative Agent or the Paying Agent may resign at any time by giving written notice thereof to the Lender Parties and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Administrative Agent or Paying Agent, as the case may be, subject, so long as no Default shall have occurred and be continuing, to the consent of the Borrower (which consent shall not be unreasonably withheld or delayed). If no successor Administrative Agent or Paying 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 or Paying Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Administrative Agent or Paying Agent, then the retiring Administrative Agent or Paying Agent may, on behalf of the Lender Parties, appoint a successor Administrative Agent or Paying Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$1,000,000,000. Upon the acceptance of any appointment as Administrative Agent or Paying Agent hereunder by a successor Administrative Agent or Paying Agent, such successor Administrative Agent or Paying Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent or Paying Agent, and the retiring Administrative Agent or Paying Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's or Paying Agent's resignation or removal hereunder as Administrative Agent or Paying Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent or Paying Agent under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Revolving Credit Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than the Designated Bidders and other than any Lender that is, at such time, a Defaulting Lender), do any of the following: (a) waive any of the conditions specified in Section 3.01, (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Revolving Credit Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Revolving Credit Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments, the aggregate Available Amount of outstanding Letters of Credit or of the aggregate unpaid principal amount of the Revolving Credit Notes, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder or (f) amend this Section 8.01; and provided further that no amendment, waiver or consent shall, unless in writing and signed by each Swing Line Bank or Issuing Bank, as the case may be, in addition to the Lenders required above to take such action, affect the rights or duties of the Swing Line Banks or of the Issuing Banks, as the

case may be, under this Agreement or any Note; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agents or the Paying Agent, as the case may be, in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agents or Paying Agent, as the case may be, under this Agreement or any Note.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic or telex communication) and mailed, telecopied, telegraphed, telexed or delivered, if to the Borrower, at its address at 7 West Seventh Street, Cincinnati, Ohio 45202, Attention: Chief Financial Officer, with a copy to General Counsel; if to any Initial Lender, Swing Line Bank or any Initial Issuing Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender Party, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender Party; and if Citibank in its capacity as Paying Agent or Administrative Agent, at its address at 2 Penns Way, Suite 200, New Castle, Delaware 19720, Attention: Leonard Sarcona, Loan Syndications, with a copy to 399 Park Avenue, New York, New York 10043 Attention: Allen Fisher; or, as to the Borrower, the Paying Agent or such Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Paying Agent. All such notices and communications shall, (a) when mailed, be effective three Business Days after the same is deposited in the mails, (b) when mailed for next day delivery by a reputable freight company or reputable overnight courier service, be effective one Business Day thereafter, and (c) when sent by telegraph, telecopier or telex, be effective when the same is confirmed by telephone, telecopier confirmation or return telecopy or telex answerback, respectively, except that notices and communications to the Paying Agent pursuant to Article II, III or VII shall not be effective until received by the Paying Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

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

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

counsel for the Paying Agent, the Administrative Agents and each Lender Party in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower agrees to indemnify and hold harmless the Agents and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Loan Documents, any of the transactions contemplated thereby or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. The Borrower also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Borrower or any of its security holders or creditors arising out of, related to or in connection with the Facilities, the actual or proposed use of the Advances, the Loan Documents or any of the transactions contemplated thereby, except (a) to the extent that such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct and (b) for direct, as opposed to consequential, damages for breach of the Indemnified Parties' obligations hereunder.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance or LIBO Rate Advance is made by the Borrower to or for the account of a Lender Party other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(d) or (e), 2.10 or 2.12, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender Party other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by the Borrower pursuant to Section 8.07(a), the Borrower shall, upon demand by such Lender Party (with a copy of such demand to the Paying Agent), pay to the Paying Agent for the account of such Lender Party any amounts required to compensate such Lender Party for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender Party to fund or maintain such Advance.

(d) If the Borrower fails to pay when due any costs, expenses or other amounts payable by it under any Loan Document, including, without limitation, reasonable fees and expenses of counsel and indemnities, such amount may be paid on behalf of the

Borrower by the Paying Agent or any Lender, in its sole discretion.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.11, 2.14 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agents to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender Party and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender Party or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender Party, whether or not such Lender Party shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender Party agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender Party and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender Party and its Affiliates may have.

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

SECTION 8.07. Assignments, Designations and Participations. (a) Each Lender (other than the Designated Bidders) may, and if demanded by the Borrower (following a demand by such Lender pursuant to Section 2.11) upon at least ten Business Days' notice to such Lender and the Paying Agent will, assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Revolving Credit Advances owing to it and the Revolving Credit Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any right to make Competitive Bid Advances, Competitive Bid Advances owing to it and Competitive Bid Notes), (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof, (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by the Borrower pursuant to this Section 8.07(a) shall be arranged by the Borrower after consultation with the Paying Agent and shall be either an assignment of all of the rights and

obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (v) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, and (vi) the parties to each such assignment shall execute and deliver to the Paying Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Revolving Credit Note subject to such assignment and a processing and recordation fee of \$3,000.

(b) Each Issuing Bank may assign to one or more Eligible Assignees all or a portion of its rights and obligations under the undrawn portion of its Letter of Credit Commitment at any time; provided, however, that (i) except in the case of an assignment to a Person that immediately prior to such assignment was an Issuing Bank or an assignment of all of an Issuing Bank's rights and obligations under this Agreement, the amount of the Letter of Credit Commitment of the assigning Issuing Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000 and shall be in an integral multiple of \$1,000,000 in excess thereof, (ii) each such assignment shall be to an Eligible Assignee, and (iii) the parties to each such assignment shall execute and deliver to the Paying Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee (unless paid pursuant to Section 8.07(a)) of \$2,000 for each Assignment and Acceptance between an Issuing Bank and its Affiliate or another Issuing Bank or \$3,000 for each other Assignment and Acceptance.

(c) Upon the execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender or Issuing Bank, as the case may be, hereunder and (y) the Lender or Issuing Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

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

that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon any Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agents to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agents by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

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

(f) Each Lender (other than the Designated Bidders) may designate one or more banks or other entities to have a right to make Competitive Bid Advances as a Lender pursuant to Section 2.03; provided, however, that (i) no such Lender shall be entitled to make more than two such designations, (ii) each such Lender making one or more of such designations shall retain the right to make Competitive Bid Advances as a Lender pursuant to Section 2.03, (iii) each such designation shall be to a Designated Bidder and (iv) the parties to each such designation shall execute and deliver to the Paying Agent, for its acceptance and recording in the Register, a Designation Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Designation Agreement, the designee thereunder shall be a party hereto with a right to make Competitive Bid Advances as a Lender pursuant to Section 2.03 and the obligations related thereto.

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

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

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

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

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

(k) Any Lender may, in connection with any assignment,

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

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

SECTION 8.08. Confidentiality. None of the Agents or any Lender Party shall disclose any Confidential Information to any Person without the written consent of the Borrower, other than (a) to such Agent's or such Lender Party's Affiliates to whom disclosure is required to enable any such Agent or Lender Party to perform its obligations under this Agreement or in connection with the administration or monitoring of the Loan Documents by such Agent or Lender Party and their officers, directors, employees, agents, representatives and advisors and to actual or prospective Eligible Assignees and participants, and that, in each case, are advised of the confidential nature of such Confidential Information, (b) as required by any law, rule or regulation or judicial process, (c) to any rating agency when required by it in connection with the Competitive Bid Advances made by, and the rating of, any Designated Bidder, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information received by it from such Lender and (d) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking.

SECTION 8.09. No Liability of the Issuing Banks. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither any Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit, unless such documents are substantially different from the applicable form specified by such Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to the Borrower, to the extent of any direct, but not consequential, damages suffered by the Borrower that the Borrower proves were caused by (i) such Issuing Bank's willful misconduct or gross negligence in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) such Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

SECTION 8.10. Governing Law. This Agreement and the

Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

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

SECTION 8.12. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under the Notes in any currency (the "Original Currency") into another currency (the "Other Currency") the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Paying Agent could purchase the Original Currency with the Other Currency at 9:00 A.M. (New York City time) on the first Business Day preceding that on which final judgment is given.

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

SECTION 8.13. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

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

SECTION 8.14. Waiver of Jury Trial. Each of the Borrower, the Agents and the Lender Parties hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of any Agent or any Lender Party in the negotiation, administration, performance or enforcement thereof.

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

FEDERATED DEPARTMENT STORES, INC.,
as Borrower

By: /s/ Ronald W. Tysoe
Title: Vice Chairman and Chief
Financial Officer

CITIBANK, N.A.,
as Paying Agent, as Administrative
Agent, as Initial Lender and as
Initial Issuing Bank

By: /s/ Allen Fisher
Title: Vice President -
Attorney-in-Fact

THE CHASE MANHATTAN BANK,
as Administrative Agent, as Initial
Lender and as Initial Issuing Bank

By: /s/ Ellen Gertz
Title: Vice President

BANKBOSTON, N.A.,
as Syndication Agent and as Initial Lender

By: /s/ Judith C E Kelly
Title: Vice President

THE BANK OF AMERICA, National Trust & Savings
Association, as Documentation Agent and
as Initial Lender

By: /s/ Sandra S. Ober
Title: Vice President

Additional Initial Lenders

ARAB BANK PLC, GRAND CAYMAN

By: /s/ Backer Ali
Name: Backer Ali
Title: Vice President and Controller

THE ASAHI BANK, LTD.

By: /s/ Douglas E. Price
Name: Douglas E. Price
Title: Senior Vice President

PT. BANK NEGARA INDONESIA (PERSERO)

By: /s/ Dewa Suthapa
Name: Dewa Suthapa
Title: General Manager

BANK OF MONTREAL

By: /s/ DW Rourke
Name: DW Rourke
Title: Director

THE BANK OF NEW YORK

By: /s/ Paula M. DiPonzio
Name: Paula M. DiPonzio
Title: Vice President

BANK ONE, N.A.

By: /s/ Kevin T. McConnell
Name: Kevin T. McConnell
Title: Vice President

THE BANK OF TOKYO - MITSUBISHI LTD.,
CHICAGO BRANCH

By: /s/ Hajime Watanabe
Name: Hajime Watanabe
Title: Deputy General Manager

BANQUE PARIBAS

By: /s/ Mary T. Finnegan
Name: Mary T. Finnegan
Title: Group Vice President

By: /s/ John J. McCormick
Name: John J. McCormick, III
Title: Vice President

BARNETT BANK

By: /s/ E. Bradley Jones
Name: E. Bradley Jones
Title: Vice President

CAISSE NATIONALE DE CREDIT AGRICOLE

By: /s/ Dean Balice
Name: Dean Balice
Title: Senior Vice President
Branch Manager

COMERICA BANK

By: /s/ Hugh G. Porter
Name: Hugh G. Porter
Title: Vice President

CREDIT SUISSE FIRST BOSTON

By: /s/ Chris T. Horgan
Name: Chris T. Horgan
Title: Vice President

By: /s/ Edward E. Barr
Name: Edward E. Barr
Title: Associate

THE FIFTH THIRD BANK

By: /s/ Andrew K. Havck
Name: Andrew K. Havck
Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Vincent R. Henchek
Name: Vincent R. Henchek
Title: Vice President

THE FIRST NATIONAL BANK OF MARYLAND

By: /s/ Carol A. Dalton
Name: Carol A. Dalton
Title: Vice President

FLEET NATIONAL BANK

By: /s/ Richard Seufert
Name: Richard Seufert
Title: Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By: /s/ Penelope J. B. Cox
Name: Penelope J. B. Cox
Title: Vice President

MELLON BANK, N.A.

By: /s/ Joan W. Bird
Name: Joan W. Bird
Title: Vice President

THE MITSUI TRUST & BANKING COMPANY, LTD.

By: /s/ Margaret Holloway
Name: Margaret Holloway
Title: Vice President and Manager

NATIONAL BANK OF KUWAIT

By: /s/ Muamnad Kamal
Name: Muamnad Kamal
Title: Executive Manager

By: /s/ Robert J. McNeill
Name: Robert J. McNeill
Title: Deputy Division Manager

PNC BANK, OHIO, NATIONAL ASSOCIATION

By: /s/ Bruce A. Kintner
Name: Bruce A. Kintner
Title: Vice President

THE SANWA BANK, LIMITED, NEW YORK BRANCH

By: /s/ Jean-Michel Fatovic
Name: Jean-Michel Fatovic
Title: Vice President

SOCIETE GENERALE, CHICAGO BRANCH

By: /s/ Paul Dalle Molle
Name: Paul Dalle Molle
Title: Regional Manager - Midwest

STANDARD CHARTERED BANK, N.A.

By: /s/ Kristina McDavid
Name: Kristian McDavid
Title: Vice President

By: /s/ David D. Cutting
Name: David D. Cutting
Title: Senior Vice President

STAR BANK, N.A.

By: /s/ Jane L. Lewis
Name: Jane L. Lewis
Title: Assistant Vice President

THE SUMITOMO BANK, LTD. NEW YORK BRANCH

By: /s/ Kazuyoshi Ogawa
Name: Kazuyoshi Ogawa
Title: Joint General Manager

SUNTRUST BANK CENTRAL FLORIDA, N.A.

By: /s/ Harold Bitler
Name: Harold Bitler
Title: First Vice President

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Timothy P. Sterb
Name: Timothy P. Sterb
Title: Vice President

WACHOVIA BANK, N.A.

By: /s/ Holger B. Ebert
Name: Holger B. Ebert
Title: Vice President

<TABLE>

SCHEDULE I

FEDERATED DEPARTMENT STORES, INC. FIVE YEAR CREDIT AGREEMENT
COMMITMENTS AND APPLICABLE LENDING OFFICES

<CAPTION>

Name of Initial Lender	Revolving Credit Commitment	Letter of Credit Commitment	Domestic Lending Office	Eurodollar Lending Office
<S>	<C>	<C>	<C>	<C>
Citibank, N.A.	\$140,625,000	\$250,000,000	Credit: 399 Park Avenue New York, NY 10043 Attn: Allen Fisher Phone: (212) 559-0293 Fax: (212) 793-3963 Administrative: 2 Penns Plaza Suite 200 New Castle, DE 19720 Attn: Leonard Sarcona Phone: (718) 248-4536 Fax: (718) 248-4844	Credit: 399 Park Avenue New York, NY 10043 Attn: Allen Fisher Phone: (212) 559-0293 Fax: (212) 793-3963 Administrative: 2 Penns Plaza Suite 200 New Castle, DE 19720 Attn: Leonard Sarcona Phone: (718) 248-4536 Fax: (718) 248-4844
The Chase Manhattan Bank	\$140,625,000	\$1,000,000,000	Credit: 270 Park Avenue, 48th Fl. New York, NY 10017 Attn: Ellen Gertzog Phone: (212) 270-1539 Fax: (212) 270-5646 Administrative: One Chase Manhattan Plaza 8th Floor New York, NY 10081 Attn: Amy Labinger Phone: (212) 552-4025 Fax: (212) 552-7500	Credit: 270 Park Avenue, 48th Fl. New York, NY 10017 Attn: Ellen Gertzog Phone: (212) 270-1539 Fax: (212) 270-5646 Administrative: One Chase Manhattan Plaza 8th Floor New York, NY 10081 Attn: Amy Labinger Phone: (212) 552-4025 Fax: (212) 552-7500
BankBoston, N.A.	\$105,000,000	\$500,000,000	Credit: 100 Federal Street Mail Stop 01-09-05 Boston, MA 02106 Attn: Judy Kelly Phone: (617) 434-5280 Fax: (617) 434-6685 Administrative: 100 Federal Street Mail Stop 01-21-01 Boston, MA 02110 Attn: Michelle Taglione Phone: (617) 434-4039 Fax: (617) 434-6685	Credit: 100 Federal Street Mail Stop 01-09-05 Boston, MA 02106 Attn: Judy Kelly Phone: (617) 434-5280 Fax: (617) 434-6685 Administrative: 100 Federal Street Mail Stop 01-21-01 Boston, MA 02110 Attn: Michelle Taglione Phone: (617) 434-4039 Fax: (617) 434-6685
The Bank of America, NT & SA	\$105,000,000	Credit:	Credit: 231 South LaSalle Street Chicago, IL 60697 Attn: Sandy Ober Phone: (312) 828-1307	Credit: 231 South LaSalle Street Chicago, IL 60697 Attn: Sandy Ober Phone: (312) 828-

Fax: (312) 987-0303 1307
 Administrative: Fax: (312) 987-0303
 231 South LaSalle Administrative:
 Street 231 So. LaSalle
 Chicago, IL 60697 Street
 Attn: Sandra Chicago, IL
 Kramer 60697
 Phone: (312) 828- Attn: Sandra
 6645 Kramer
 Fax: (312) 987- Phone: (312) 828-
 5833 6645
 Fax: (312) 987-
 5833

The Bank of New York	\$60,000,000	Credit:	Credit:
		One Wall Street, 22nd	One Wall Street,
		Floor	22nd Floor
		New York, NY 10286	New York, NY 10286
		Attn: Paula DiPonzo	Attn: Paula DiPonzo
		Phone: (212) 635-7867	Phone: (212) 635-
		Fax: (212) 635-1483	7867
		Administrative:	Fax: (212) 635-1483
		One Wall Street, 22nd	Administrative:
		Floor	One Wall Street,
		New York, NY 10286	22nd Floor
		Attn: Susan	New York, NY
		Baratta	10286
		Phone: (212) 635-	Attn: Susan
6761	Baratta		
Fax: (212) 635-	Phone: (212) 635-		
6397	6761		
	Fax: (212) 635-		
	6397		

Credit Suisse First Boston	\$60,000,000	Credit:	Credit:
		11 Madison Ave., 21st	11 Madison Ave.,
		Floor	21st Floor
		New York, NY 10010	New York, NY 10010
		Attn: Chris Horgan	Attn: Chris Horgan
		Phone: (212) 325-9157	Phone: (212) 325-
		Fax: (212) 325-8309	9157
		Administrative:	Fax: (212) 325-8309
		11 Madison Ave.	Administrative:
		New York, NY 10010	11 Madison Ave.
		Attn: Gina Manginello	New York, NY 10010
		Phone: (212) 325-9149	Attn: Gina
		Fax: (212) 325-8319	Manginello
			Phone: (212)
	325-9149		
	Fax: (212) 325-		
	8319		

Fleet National Bank	\$60,000,000	Credit:	Credit:
		One Federal Street	One Federal Street
		MA OF 0320	MA OF 0320
		Boston, MA 02110	Boston, MA 02110
		Attn: Richard Seufert	Attn: Richard
		Phone: (617) 346-0611	Seufert
		Fax: (617) 346-0689	Phone: (617) 346-
		Administrative:	0611
		One Federal Street	Fax: (617) 346-0689
		MA OF 0308	Administrative:
		Boston, MA 02110	One Federal Street
		Attn: Michael Araujo	MA OF 0308
		Phone: (617) 346-0601	Boston, MA 02110
		Fax: (617) 346-0595	Attn: Michael
	Araujo		
	Phone: (617) 346-		
	0601		
	Fax: (617) 346-0595		

PNC Bank	\$60,000,000	Credit:	Credit:
		201 East 5th Street	201 East 5th Street

Cincinnati, OH 45202 Cincinnati, OH
 Attn: John Taylor 45202
 Phone: (513) 651-8688 Attn: John Taylor
 Fax: (513) 651-8952 Phone: (513) 651-
 Administrative: 8688
 201 E. 5th Street Fax: (513) 651-8952
 Cincinnati, OH Administrative:
 45202 201 E. 5th Street
 Attn: Sandy Wilson Cincinnati, OH
 Phone: (513) 651- 45202
 8984 Attn: Sandy
 Fax: (513) 651- Wilson
 8952 Phone: (513) 651-
 8984
 Fax: (513) 651-
 8952

Societe General \$60,000,000 \$50,000,000 Credit: Credit:
 181 West Madison 181 West Madison
 Street Street
 Suite 3400 Suite 3400
 Chicago, IL 60602 Chicago, IL 60602
 Attn: Eric Bellaiche Attn: Eric
 Phone: (312) 578-5015 Bellaiche
 Fax: (312) 578-5099 Phone: (312) 578-
 Administrative: 5015
 181 West Madison Fax: (312) 578-5099
 Street Administrative:
 Suite 3400 181 West Madison
 Chicago, IL 60602 Street
 Attn: Donna Benson Suite 3400
 Phone: (312) 578-5112 Chicago, IL 60602
 Fax: (312) 578-5099 Attn: Donna Benson
 Phone: (312) 578-
 5112
 Fax: (312) 578-5099

Sumitomo Bank \$60,000,000 Credit: Credit:
 U.S. Corporate Dept. U.S. Corporate
 277 Park Avenue, 6th Dept.
 Floor 277 Park Avenue,
 New York, NY 10172 6th Floor
 Attn: Toivo Kiiver New York, NY 10172
 Phone: (212) 224-4119 Attn: Toivo Kiiver
 Fax (212) 224-5188 Phone: (212) 224-
 Administrative: 4119
 International Finance Fax (212) 224-5188
 Dept. Administrative:
 277 Park Avenue, 6th International
 Floor Finance Dept.
 New York, NY 10172 277 Park Avenue,
 Attn: Daria Soriano 6th Floor
 Phone: (212) 224-4061 New York, NY 10172
 Fax (212) 224-5192 Attn: Daria Soriano
 Phone: (212) 224-
 4061
 Fax (212) 224-5192

The Bank of \$48,750,000 Credit: Credit:
 Montreal 115 South LaSalle 115 South LaSalle
 Street Street
 13 West 13 West
 Chicago, IL 60603 Chicago, IL 60603
 Attn: Julia Buthman Attn: Julia Buthman
 Phone: (312) 750-3491 Phone: (312) 750-
 Fax: (312) 750-1789 3491
 Administrative: Fax: (312) 750-1789
 115 South LaSalle Administrative:
 Street 115 South LaSalle
 11th Floor West Street
 Chicago, IL 60603 11th Floor West
 Attn: Neelan Duss Chicago, IL 60603
 Phone: (312) 750-3852 Attn: Neelan Duss

Fax: (312) 750-6061 Phone: (312) 750-3852
Fax: (312) 750-6061

The Bank of Tokyo- \$48,750,000 Credit: Credit:
Mitsubishi, Ltd., 227 W. Monroe Street 227 W. Monroe
Chicago Branch Suite 2300 Street
Chicago, IL 60606 Suite 2300
Attn: William J. Chicago, IL
Murray 60606
Phone: (312) 696-4553 Attn: William
Fax: (312) 696-4535 J. Murray
Administrative: Phone: (312)
227 W. Monroe Street 696-4553
Suite 2300 Fax: (312) 696-
Chicago, IL 60606 4535
Attn: Julie Galligan Administrative:
Phone: (312) 696-4711 227 W. Monroe
Fax: (312) 696-4532 Street
Suite 2300
Chicago, IL
60606
Attn: Julie
Galligan
Phone: (312)
696-4711
Fax: (312) 696-
4532

Banque Paribas \$48,750,000 Credit: Credit:
787 Seventh Avenue 787 Seventh Avenue
New York, NY 10019 New York, NY 10019
Attn: Mary Finnegan Attn: Mary Finnegan
Phone: (212) 841-2551 Phone: (212) 841-
Fax: (212) 841-2333 2551
Administrative: Fax: (212) 841-2333
787 Seventh Avenue Administrative:
New York, NY 10019 787 Seventh Avenue
Attn: Terri Knuth New York, NY
Phone: (212) 841- 10019
2229 Attn: Terri
Fax: (212) 841- Knuth
2217 Phone: (212) 841-
2229
Fax: (212) 841-
2217

Mellon Bank, N.A. \$48,750,000 Credit: Credit:
One Mellon Bank One Mellon Bank
Center, Room 4535 Center, Room 4535
Pittsburgh, PA 15258- Pittsburgh, PA
0001 15258-0001
Attn: Joan Bird Attn: Joan Bird
Phone: (412) 234-7172 Phone: (412)
Fax: (412) 236-1914 234-7172
Administrative: Fax: (412) 236-
Three Mellon Bank 1914
Center, Room 2305 Administrative:
Pittsburgh, PA 15259- Three Mellon
0003 Bank Center, Room
Attn: Greg Klino 2305
Phone: (412) 234-1867 Pittsburgh, PA
Fax: (412) 234-5049 15259-0003
Attn: Greg
Klino
Phone: (412)
234-1867
Fax: (412) 234-
5049

Sanwa Bank \$48,750,000 Credit: Credit:
55 East 52nd Street 55 East 52nd Street

New York, NY 10055	New York, NY 10055
Attn: Jean-Michel Fatovic	Attn: Jean-Michel Fatovic
Phone: (212) 339-6397	Phone: (212) 339-6397
Fax: (212) 754-1304	Fax: (212) 754-1304
Administrative: 55 East 52nd Street	Administrative: 55 East 52nd Street
New York, NY 10055	New York, NY 10055
Attn: Marlin Chin	Attn: Marlin Chin
Phone: (212) 339-65	Phone: (212) 339-6592
Fax: (212) 754-2368	Fax: (212) 754-2368

Caisse Nationale de Credit Agricole	\$37,500,000	Credit:	Credit:
		55 E. Monroe Street	55 E. Monroe Street
		Suite 4700	Suite 4700
		Chicago, IL 60603	Chicago, IL 60603
		Attn: Ray Falkenberg	Attn: Ray Falkenberg
		Phone: (312) 917-7426	Phone: (312) 917-7426
		Fax: (312) 372-3724	Fax: (312) 372-3724
		Administrative: 55 E. Monroe Street	Administrative: 55 E. Monroe Street
		Suite 4700	Suite 4700
		Chicago, IL 60603	Chicago, IL 60603
		Attn: James Barrett	Attn: James Barrett
		Phone: (312) 917-7429	Phone: (312) 917-7429
		Fax: (312) 372-4421	Fax: (312) 372-4421

First Chicago Bank	\$37,500,000	Credit:	Credit:
		One First National Plaza	One First National Plaza
		Chicago, IL 60670	Chicago, IL 60670
		Attn: Paul E. Rigby	Attn: Paul E. Rigby
		Phone: (312) 732-6132	Phone: (312) 732-6132
		Fax: (312) 732-8587	Fax: (312) 732-8587
		Administrative: One First National Plaza	Administrative: One First National Plaza
		Chicago, IL 60670	Chicago, IL 60670
		Attn: Mary Hart	Attn: Mary Hart
		Phone: (312) 732-6137	Phone: (312) 732-6137
		Fax: (312) 732-2715	Fax: (312) 732-2715

Morgan Guaranty Trust Company of New York	\$37,500,000	Credit:	Credit:
		60 Wall Street	60 Wall Street
		New York, NY 10260-0060	New York, NY 10260-0060
		Attn: Deborah Brodheim	Attn: Deborah Brodheim
		Phone: (212) 648-8063	Phone: (212) 648-8063
		Fax: (212) 648-5018	Fax: (212) 648-5018

Administrative:	Fax: (212) 648-5018
500 Stanton	Administrative:
Christiana Ctr.	500 Stanton
Newark, DE 19713-	Christiana Ctr.
2107	Newark, DE 19713-
Attn: Vickie Fedele	2107
Phone: (302) 634-4225	Attn: Vickie Fedele
Fax: (302) 634-1852	Phone: (302) 634-
	4225
	Fax: (302) 634-1852

Standard Chartered Bank	\$37,500,000	Credit:	Credit:
		7 World Trade Center	7 World Trade
		27th Floor	Center
		New York, NY 10048	27th Floor
		Attn: David Cutting	New York, NY 10048
		Phone: (212) 667-0469	Attn: David Cutting
		Fax: (212) 667-0225	Phone: (212) 667-
		Administrative:	0469
		707 Wilshire Blvd., W-	Fax: (212) 667-0225
		8-33	Administrative:
		Los Angeles, CA	707 Wilshire Blvd.,
		90017	W-8-33
		Attn: Qustanti Shiber	Los Angeles, CA
		Phone: (213) 614-5037	90017
		Fax: (213) 614-4270	Attn: Qustanti
			Shiber
			Phone: (213) 614-
			5037
			Fax: (213) 614-4270

Wachovia Bank	\$26,250,000	Credit:	Credit:
		191 Peachtree	191 Peachtree
		Street, N.E.	Street, N.E.
		28th Floor, GA-370	28th Floor, GA-
		Atlanta, GA 30303	370
		Attn: Michael	Atlanta, GA
		Ripps	30303
		Phone: (404) 332-	Attn: Michael
		5283	Ripps
		Fax: (404) 332-	Phone: (404) 332-
		6898	5283
		Administrative:	Fax: (404) 332-
		191 Peachtree	6898
		Street, N.E.	Administrative:
		28th Floor, GA-370	191 Peachtree
		Atlanta, GA 30303	Street, N.E.
		Attn: Christy N.	28th Floor, GA-
		Howard	370
		Phone: (404) 332-	Atlanta, GA
		6261	30303
		Fax: (404) 332-	Attn: Christy N.
		6898	Howard
			Phone: (404) 332-
			6261
			Fax: (404) 332-
			6898

Comerica Bank	\$22,500,000	Credit:	Credit:
		500 Woodward Ave.	500 Woodward Ave.
		MC 3268	MC 3268
		Detroit, MI 48226	Detroit, MI 48226
		Attn: Hugh Porter	Attn: Hugh Porter
		Phone (313) 222-6192	Phone (313) 222-
		Fax: (312) 222-9514	6192
		Administrative:	Fax: (312) 222-9514
		500 Woodward Ave.	Administrative:
		MC 3268	500 Woodward Ave.
		Detroit, MI 48226	MC 3268
		Attn: Beverly Jones	Detroit, MI 48226
		Phone (313) 222-3805	Attn: Beverly Jones
		Fax: (312) 222-3351	Phone (313) 222-
			3805

Fax: (312) 222-3351

National Bank of Kuwait	\$22,500,000	Credit:	Credit:
		299 Park Avenue	299 Park Avenue
		New York, NY 10171-0023	New York, NY 10171-0023
		Attn: Muhanned Kamal	Attn: Muhanned Kamal
		Phone: (212) 303-9828	Phone: (212) 303-9828
		Fax: (212) 888-2958	Fax: (212) 888-2958
		Administrative: 9828	Administrative: 9828
		299 Park Avenue	299 Park Avenue
		New York, NY 10171-0023	New York, NY 10171-0023
		Attn: Jeff Ganter	Attn: Jeff Ganter

Arab Bank PLC	\$18,750,000	Credit:	Credit:
		520 Madison Ave.	520 Madison Ave.
		New York, NY 10022	New York, NY 10022
		Attn: Khanh Vuong	Attn: Khanh Vuong
		Phone: (212) 715-9717	Phone: (212) 715-9717
		Fax: (212) 593-4632	Fax: (212) 593-4632
		Administrative: 9717	Administrative: 9717
		520 Madison Ave.	520 Madison Ave.
		New York, NY 10022	New York, NY 10022
		Attn: Justo Huapaya	Attn: Justo Huapaya

The Asahi Bank	\$18,750,000	Credit:	Credit:
		One World Trade Center	One World Trade Center
		60th Floor	60th Floor
		New York, NY 10048	New York, NY 10048
		Attn: Wit Derby	Attn: Wit Derby
		Phone: (212) 912-7038	Phone: (212) 912-7038
		Fax: (212) 432-1135	Fax: (212) 432-1135
		Administrative: 1135	Administrative: 1135
		One World Trade Center	One World Trade Center
		60th Floor	60th Floor

Bank One, N.A.	\$18,750,000	Credit:	Credit:
		8044 Montgomery Road	8044 Montgomery Road
		Suite 350	Suite 350
		Cincinnati, OH 45236-5800	Cincinnati, OH 45236-5800
		Attn: Kevin McConnell	Attn: Kevin McConnell
		Phone: (513) 985-5017	Phone: (513) 985-5017
		Fax: (513) 985-5030	Fax: (513) 985-5030
		Administrative: 5017	Administrative: 5017
		P.O. Box 710209	P.O. Box 710209
		Columbus, OH 43271-0209	Columbus, OH 43271-0209

Fax: (614) 248-5518 0209
Attn: Jim Zook
Phone: (614) 248-6187
Fax: (614) 248-5518

Barnett Bank	\$18,750,000	Credit:	Credit:
		50 N. Laurel Street	50 N. Laurel Street
		17th Floor	17th Floor
		Jacksonville, FL	Jacksonville, FL
		32202	32202
		Attn: Brad Harrell	Attn: Brad Harrell
		Phone: (904) 791-5428	Phone: (904) 791-5428
		Fax: (904) 791-7963	Fax: (904) 791-7963
		Administrative:	Administrative:
		100 Laura St., 5th	100 Laura St., 5th
		Floor, Jacksonville, FL 32202	Floor, Jacksonville, FL 32202
		Attn: Joyce Terrell	Attn: Joyce Terrell
		Phone: (904) 791-7940	Phone: (904) 791-7940
		Fax: (904) 791-7737	Fax: (904) 791-7737

The Fifth-Third Bank	\$18,750,000	Credit:	Credit:
		38 Fountain Square Plaza	38 Fountain Square Plaza
		Cincinnati, OH 45263	Cincinnati, OH 45263
		Attn: Andy Hauck	Attn: Andy Hauck
		Phone: (513) 579-4178	Phone: (513) 579-4178
		Fax: (513) 579-5226	Fax: (513) 579-5226
		Administrative:	Administrative:
		38 Fountain Square Plaza	38 Fountain Square Plaza
		Cincinnati, OH 45263	Cincinnati, OH 45263
		Attn: Danial Mullen	Attn: Daniel Mullen
		Phone: (513) 579-4104	Phone: (513) 579-4104
		Fax: (513) 579-4226	Fax: (513) 579-4226

First National Bank of Maryland	\$18,750,000	Credit:	Credit:
		25 S. Charles Street	25 S. Charles Street
		Baltimore, MD 21201	Baltimore, MD 21201
		Attn: Andy Fish	Attn: Andy Fish
		Phone: (410) 244-4217	Phone: (410) 244-4217
		Fax: (410) 244-4294	Fax: (410) 244-4294
		Administrative:	Administrative:
		25 S. Charles Street	25 S. Charles Street
		Baltimore, MD 21201	Baltimore, MD 21201
		Attn: Emilia Schwartz	Attn: Emilia Schwartz
		Phone: (410) 244-4201	Phone: (410) 244-4201
		Fax: (410) 244-4294	Fax: (410) 244-4294

Star Bank	\$18,750,000	Credit:	Credit:
		425 Walnut Street	425 Walnut Street
		Cincinnati, OH 45202	Cincinnati, OH 45202
		Attn: Bill Goodwin	

Phone: (513) 762-8973 Attn: Bill Goodwin
 Fax: (513) 762-2068 Phone: (513) 762-
 Administrative: 8973
 425 Walnut Street Fax: (513) 762-2068
 Cincinnati, OH Administrative:
 45202 425 Walnut Street
 Attn: Tracy Briede Cincinnati, OH
 Phone: (513) 632- 45202
 4034 Attn: Tracy
 Fax: (513) 632- Briede
 3099 Phone: (513) 632-
 4034
 Fax: (513) 632-
 3099

SunTrust Bank, \$18,750,000 Credit: Credit:
 Central Florida, 200 S. Orange Ave. 200 S. Orange
 National MC 0-1043 Ave.
 Association Orlando, FL 32801 MC 0-1043
 Attn: Stephen L. Orlando, FL
 Leister 32801
 Phone: (407) 237-4705 Attn: Stephen
 Fax: (407) 237-6894 L. Leister
 Administrative: Phone: (407)
 200 S. Orange Ave. 237-4705
 MC 0-1043 Fax: (407) 237-
 Orlando, FL 32801 6894
 Attn: Lois Keezel Administrative:
 Phone: (407) 237-4855 200 S. Orange
 Fax: (407) 237-6894 Ave.
 MC 0-1043
 Orlando, FL
 32801
 Attn: Lois
 Keezel
 Phone: (407)
 237-4855
 Fax: (407) 237-
 6894

Union Bank of \$18,750,000 Credit: Credit:
 California, N.A. 350 California St., 350 California
 11th Fl. St., 11th Fl.
 San Francisco, CA San Francisco,
 94104 CA 94104
 Attn: Timothy P. Attn: Timothy
 Streb, VP P. Streb, VP
 Phone: (415) 705-7021 Phone: (415)
 Fax: (415) 705-7085 705-7021
 Administrative: Fax: (415) 705-
 350 California St., 7085
 11th Fl. Administrative:
 San Francisco, CA 350 California
 94104 St., 11th Fl.
 Attn: Richard A. San Francisco,
 Sutter, VP CA 94104
 Phone: (415) 705-7090 Attn: Richard
 Fax: (415) 705-7085 A. Sutter, VP
 Phone: (415)
 705-7090
 Fax: (415) 705-
 7085

PT Bank Negara \$7,500,000 Credit: Credit:
 Indonesia 55 Broadway 55 Broadway
 New York, NY 10006 New York, NY 10006
 Attn: Muhamed El- Attn: Muhamed El-
 Shazay Shazay
 Phone: (212) 943-4750 Phone: (212) 943-
 Fax: (212) 344-5723 4750
 Administrative: Fax: (212) 344-5723
 55 Broadway Administrative:
 New York, NY 10006 55 Broadway

Attn: Monica Baccari New York, NY 10006
 Phone: (212) 943-4750 Attn: Monica
 Fax: (212) 344-5723 Baccari
 Phone: (212) 943-4750
 Fax: (212) 344-5723

The Mitsui Trust Banking Company, Limited	\$7,500,000	Credit:	Credit:
		190 South LaSalle	190 South
		Street	LaSalle Street
		Suite 1000	Suite 1000
		Chicago, IL 60603	Chicago, IL
		Attn: Koichi Yokoyama	60603
		Phone: (312) 201-4704	Attn: Koichi
		Fax: (312) 201-0593	Yokoyama
		Administrative:	Phone: (312)
		1251 Ave. of the	201-4704
		Americas	Fax: (312) 201-
		39th Floor	0593
	New York, NY 10281	Administrative:	
	Attn: Edward Simnor	1251 Ave. of	
	Phone: (212) 790-5361	the Americas	
	Fax: (212) 768-3100	39th Floor	
		New York, NY	
		10281	
		Attn: Edward	
		Simnor	
		Phone: (212)	
		790-5361	

</TABLE>

SCHEDULE 2.03(h)

Existing Competitive Bid Advances

Date of Issuance	Date of Expiration	Amount Outstanding*	Holder
7/14/97	7/31/97	\$ 50,000,000	Societe Generale
7/14/97	7/31/97	80,000,000	Citibank
7/14/97	7/31/97	20,000,000	Morgan Guaranty
7/14/97	7/31/97	25,000,000	Citibank
7/7/97	8/1/97	15,000,000	Morgan Guaranty
7/7/97	8/1/97	70,000,000	Chase Bank
7/7/97	8/1/97	80,000,000	Citibank
7/7/97	8/1/97	30,000,000	Banque Paribas
7/7/97	8/1/97	5,000,000	Arab Bank
	Total	375,000,000	

*as of July 28, 1997

SCHEDULE 2.16(g)

Existing Letters of Credit
 Trade Letters of Credit
 Issued by Citibank

Base #926560

Date of Issuance	Date of Expiration	Amount Outstanding *
March 1, 1996	September 5, 1997	\$ 897.90
April 9, 1996	July 25, 1997	4,159.19
April 10, 1996	August 14, 1997	9,702.26
April 12, 1996	July 5, 1997 **	14,583.00
July 10, 1996	July 17, 1997 **	44,148.65
August 29, 1996	September 17, 1997	690,539.10
October 9, 1996	September 30, 1997	235,315.47
October 15, 1996	October 25, 1997	955,386.10
October 15, 1996	October 26, 1997	3,322,245.51
October 22, 1996	November 10, 1997	956,487.24

November 28, 1996	November 25, 1997	47,016.40
January 24, 1997	October 27, 1997	1,628,288.33
January 24, 1997	July 31, 1997	63,129.04
March 14, 1997	September 30, 1997	12,205.49
March 14, 1997	September 30, 1997	17,047.69
April 17, 1997	July 6, 1997 **	1,618.60
April 9, 1997	November 15, 1997	247,922.40
June 5, 1997	September 29, 1997	147,224.05
June 13, 1997	January 31, 1998	17,591.20
June 13, 1997	January 31, 1998	202,853.65
June 13, 1997	January 31, 1998	182,885.80
June 13, 1997	January 31, 1998	328,416.62
June 13, 1997	January 31, 1998	1,000.00
July 17, 1997	August 30, 1997	32,234.10
Total \$		9,162,897.79

Base #916613

Date of Issuance	Date of Expiration	Amount Outstanding *
February 3, 1992	December 31, 1997	\$ 61,379.94
March 2, 1992	June 30, 1997 **	292,345.39
March 30, 1992	December 31, 1997	150,465.14
February 23, 1996	December 31, 1997	5,686,574.08
February 23, 1996	December 31, 1997	2,167,674.55
February 23, 1996	December 31, 1997	30,881,602.85
February 23, 1996	December 31, 1997	9,633,599.98
February 23, 1996	December 31, 1997	569,951.01
February 23, 1996	December 31, 1997	13,234,696.65
February 23, 1996	December 31, 1997	8,862,394.82
February 23, 1996	December 31, 1997	1,261,639.30
February 23, 1996	December 31, 1997	8,057,368.81
February 23, 1996	December 31, 1997	11,367,604.57
February 23, 1996	August 9, 1997	72,604.10
February 23, 1996	August 9, 1997	10,001.00
February 23, 1996	August 9, 1997	10,001.00
February 23, 1996	August 9, 1997	10,001.00
February 26, 1996	August 9, 1997	10,001.00
February 24, 1997	July 10, 1997 **	28,662.04
May 30, 1997	September 16, 1997	141,904.56
May 30, 1997	August 31, 1997	15,487.56
June 10, 1997	August 31, 1997	210,426.54
Total \$		92,736,385.89

Base #942081

Date of Issuance	Date of Expiration	Amount Outstanding ***
April 11, 1997	April 4, 1998	\$ 50,001.00
April 11, 1997	April 4, 1998	1.00
April 11, 1997	April 4, 1998	1.00
April 11, 1997	April 4, 1998	1.00
April 11, 1997	April 4, 1998	1.00
April 11, 1997	April 4, 1998	10,015,346.80
April 11, 1997	April 4, 1998	1,591,723.68
April 11, 1997	April 4, 1998	109,667.40
April 11, 1997	April 4, 1998	50,001.00
April 11, 1997	April 4, 1998	50,001.00
April 11, 1997	April 4, 1998	4,646,502.64
April 11, 1997	April 4, 1998	15,442,003.72
April 11, 1997	April 4, 1998	7,567,480.20
April 11, 1997	April 4, 1998	50,001.00
Total \$		39,572,732.44

Standby Letters of Credit

Date of Issuance	Date of Expiration	Amount Outstanding***	Issuing Bank
December 24, 1992	December 19, 1997	\$ 3,825,000.00	Citibank
December 24, 1992	December 19, 1997	37,500.00	Citibank
December 19, 1994	December 19, 1997	7,500,000.00	Societe Generale
January 25, 1995	January 27, 1998	500,000.00	Societe Generale
February 10, 1995	February 10, 1998	240,000.00	Societe Generale
December 19, 1994	December 19, 1997	25,000,000.00	Societe Generale

December 19, 1994	December 19, 1997	7,300,000.00	Societe Generale
July 23, 1997	July 23, 1998	175,100.00	Societe Generale
June 6, 1995	June 5, 1998	447,000.00	Bank Boston
January 19, 1996	October 9, 1997	172,000.00	Bank Boston
January 19, 1996	October 9, 1997	1,550,000.00	Bank Boston
January 19, 1996	October 9, 1997	1,338,400.00	Bank Boston
January 30, 1996	October 8, 1997	36,700.00	Bank Boston
January 30, 1996	October 9, 1997	50,000.00	Bank Boston
Total \$		48,171,903.00	

* as of July 22, 1997

** LC balances are maintained for 30 days after the Expiration Date

*** estimate as of July 28, 1997

SCHEDULE 4.01(c)

Required Authorizations, Approvals, Actions, Notices and Filings

None.

SCHEDULE 5.02(a)

EXISTING LIENS

Liens and security interests granted in connection with the Debt referenced below, pursuant to the principal instructions below and other related security instruments and affecting the collateral identified below.

DEBT	PRINCIPAL INSTRUMENT	COLLATERAL
Note Monetization Facility	\$400 million Promissory Note of May Department Stores dated May 3, 1988 ("May Note").	May Note
Horne's Mortgage	Mortgage dated May 25, 1994 between Joseph Horne Co., Inc., Mortgagor (now known as Lazarus PA, Inc.) and PNC Bank, Ohio, National Association, Mortgagee.	Lazarus (formerly Horne's) Pittsburgh, PA Greengate Mall, Greensburg, PA Millcreek Mall, Erie, PA Monroeville Mall, Monroeville, PA South Hills Village, Pittsburgh, PA
Capitalized Leases	Miscellaneous leases regarding real and personal property leased by Borrower and its subsidiaries, which leases meet certain accounting criteria that requires that they be capitalized for accounting purposes only.	Miscellaneous real and personal property leased by Borrower and its subsidiaries.
Accounts Receivable Facility	Amended and Restated Pooling and Servicing Agreement, dated as of December 15, 1992 among Prime Receivables	Proprietary credit card receivables arising out of the sale of merchandise and services by department store subsidiaries of Federated that are transferred to

Corporation, as Transferor, FDS National Bank, as Servicer, and Chemical Bank as Trustee of Prime Credit Card Master Trust.	Prime Credit Card Master Trust.
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DEBT	PROPERTY ENCUMBERED
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Loan from New York Life Insurance Company to Macy's Secondary Real Estate, Inc.	Deptford Mall, Almonesson-Westville Road and Clements Bridge Road, New Jersey (First Mortgage)
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Loan from Pearl Street to Macy's Secondary Real Estate, Inc.	100 Route 46, Wayne, New Jersey (First Mortgage)
--	---

Loan from CALPERS to Sanstoff East Properties Corp.	120 Stockton Street, San Francisco, California (First Mortgage)
---	---

Loan from Connecticut General Life Insurance Company to Broadway Stores, Inc.	Northridge Center, Salinas, California store (First Mortgage)
---	--

Loan from Arizona State Retirement System to Broadway Stores, Inc.	1524 West 14th Street, Tempe, Arizona distribution center (First Mortgage)
--	---

Loan from Bank of America to Broadway Stores, Inc.	3634 Maryland Parkway Boulevard Mall, Las Vegas, Nevada store (First Mortgage)
--	--

675 Inland Center Drive, Inland Center, San Bernardino, California store (First Mortgage)

275 Fashion Valley Center, San Diego, California store (First Mortgage)

Loan from Principal Mutual Life Insurance Company to Broadway Stores, Inc.	1600 North Kraemer Boulevard, Anaheim, California service building (First Mortgage)
--	---

\$550,926,100.00 Loan to Macy's Primary Real Estate, Inc. from Federated Noteholding Corporation.	151 Broad Street, Stamford, Connecticut
---	---

Christiana Mall, Newark, Delaware

19501 Biscayne Boulevard, North Miami, Florida

Georgia Square Mall, 3700 Atlanta Highway, Athens Georgia

Augusta Mall, Wrightsboro Road and Bobby Jones Expressway, Augusta, Georgia

1200 Cumberland Mall, Atlanta, Georgia

Gwinnett Place, 2100 Pleasant Hill Road, Duluth, Georgia

Macon Mall, 3661 Eisenhower
Parkway, Macon, Georgia

Northlake Mall, 4800 Briarcliff
Road, N.E., Atlanta, Georgia

180 Peachtree Street, Atlanta,
Georgia

150 Carnegie Way, N.W., Atlanta,
Georgia (Second Mortgage)

Perimeter Mall, 4400 Ashford-
Dunwoodie Road, Atlanta, Georgia

400 Shannon Mall, Union City,
Georgia

Southlake Mall, Morrow
Industrial Boulevard and
Jonesboro Road, Morrow, Georgia

White Marsh Mall, 8200 Perry
Hall Boulevard, Parkville,
Maryland

Cherry Hill Center, 514 Cherry
Hill, Cherry Hill, New Jersey

Deptford Mall, Almonesson-
Westville Road and Clements
Bridge Road, Deptford, New
Jersey (Second Mortgage)

Brunswick Square, Route 18, East
Brunswick Township, New Jersey

Woodbridge Road and Parsonage
Road, Menlo Park, New Jersey

Monmouth Mall, Eatontown Traffic
Circle, Eatontown, New Jersey

Ocean County Mall, 1201 Hooper
Avenue, Toms River, New Jersey

400 Quaker Bridge Mall,
Lawrenceville, New Jersey

Rockaway Town Square, Rockaway
Township, New Jersey

100 Route 46, Wayne, New Jersey
(Second Mortgage)

Herald Square, 151 West 34th
Street, New York, New York

Colonie Shopping Center, Wolf
Road and Route 5, Colonie, New
York

Kings Plaza Store, 5400 Avenue
U, Brooklyn, New York (Second
Mortgage)

400 Sunrise Mall, Massapequa,
New York

200 Nanuet Center, Nanuet, New

York

88-01 Queens Boulevard,
Elmhurst, New York

Roosevelt Field Shopping Center,
Garden Center, New York (Second
Mortgage)

100 Richmond Hill Road, Staten
Island, New York

Westchester County, 220 and 222
Main Street, New York

The Court at King of Prussia,
680 West DeKalb Pike, King of
Prussia, Pennsylvania

US Route 22 and McArthur Road,
Whitehall, Pennsylvania

Montgomeryville Mall, Route 309
and Route 202, North Wales,
Pennsylvania

2300 East Lincoln Highway,
Langhorne, Pennsylvania (Second
Mortgage)

Baltimore Pike and Sproul Road
Springfield, Pennsylvania

120 Stockton Street, San
Francisco, California (Mainstore
- East)
(Second Mortgage)

5832 Sunrise Boulevard, Citrus
Heights, California (Second
Mortgage)

Coddington Center, 900
Coddington Center, Santa Rosa,
California

Sunvalley Shopping Center, 1555
Willow Pass Road, Concord,
California

The Village at Corte Madera,
1800 Redwood Highway, Corte
Madera, California

2210 Tully Road, San Jose,
California (Second Mortgage)

Solano Mall, 1544 Travis
Boulevard, Fairfield, California

Fresno Fashion Square Shopping
Center, 4888 North Fresno
Street, Fresno, California

115 Hillsdale Mall, San Mateo,
California

2200 Hilltop Drive, Richmond,
California

500 Vintage Faire, Modesto,
California

100 Del Monte Shopping Center,
Monterey, California

200 Newpark Mall, Newark,
California

5140 Thornwood Drive, San Jose,
California

408 L Street, Sacramento,
California

800 Santa Rosa Plaza, Santa
Rosa, California

One Serramonte Center, Daly
City, California

3000 Stanford Shopping Center,
Palo Alto, California

5242 Pacific Avenue, Stockton,
California
(Second Mortgage)

1300 Stoneridge Mall,
Pleasanton, California

Town Center, 200 West Washington
Avenue, Sunnyvale, California

2801 Stevens Creek Road, San
Jose, California

Meadowood Mall Circle, 5100
Meadowood Circle, Reno, Nevada

Dallas Galleria, 13350 Dallas
Parkway, Dallas, Texas

2201 John Glenn Drive, Concord,
California

2838 South El Camino, San Mateo,
California

Schedule 5.02 (d) Existing Debt

(\$000) (estimated at July 28, 1997)

Receivables Backed Notes	1,894,800
PNC Mortgage (re: Horne's)	32,498
Tax Notes - Federated Ch. 11	3,408
Tax Notes - Macy Ch. 11 -- IRS	70,301
Non-IRS	20,705
Note Monetization debt	176,000
Other Real Estate Mortgages:	
Pearl Street	250 (A)
New York Life	3,941 (A)
CalPERS	9,622 (A)
Principal Mutual Life	8,630
Arizona State Retirement System	1,494 (A)
Connecticut General	1,764 (A)
Bank of America	19,865 (A)
Capitalized Leases	76,372

Total 2,319,650

(A) Scheduled for 100% prepayment on August 1, 1997.

EXHIBIT A-1 - FORM OF
REVOLVING CREDIT
PROMISSORY NOTE

U.S.\$ _____
_____, _____

Dated:

FOR VALUE RECEIVED, the undersigned, FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender") for the account of its Applicable Lending Office on the Termination Date (each as defined in the Credit Agreement referred to below) the aggregate principal amount of the Revolving Credit Advances (as defined below) owing to the Lender by the Borrower pursuant to the Five Year Credit Agreement dated as of July 28, 1997 among the Borrower, the Lender and certain other lender parties party thereto, Citibank, N.A., as Administrative Agent and as Paying Agent for the Lender and such other lenders, The Chase Manhattan Bank, as Administrative Agent for the Lender and such other lenders, BankBoston, N.A., as Syndication Agent, and The Bank of America, National Trust & Savings Association, as Documentation Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) outstanding on the Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Revolving Credit Advance from the date of such Revolving Credit Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Paying Agent, at 399 Park Avenue, New York, NY 10043, in same day funds. Each Revolving Credit Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Revolving Credit Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Revolving Credit Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Revolving Credit Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

FEDERATED DEPARTMENT STORES, INC.

By
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

	Amount of			
Amount of	Principal Paid	Unpaid	Notation	
Date	Advance	or Prepaid	Principal	Made By
	Balance			

EXHIBIT A-2 - FORM OF
COMPETITIVE BID
PROMISSORY NOTE

U.S.\$ _____
_____, ____

Dated:

FOR VALUE RECEIVED, the undersigned, FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender") for the account of its Applicable Lending Office (as defined in the Five Year Credit Agreement dated as of July 28, 1997 among the Borrower, the Lender and certain other lender parties party thereto, Citibank, N.A., as Administrative Agent and as Paying Agent for the Lender and such other lenders, The Chase Manhattan Bank, as Administrative Agent for the Lender and such other lenders, BankBoston, N.A., as Syndication Agent and The Bank of America, National Trust & Savings Association, as Documentation Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined)), on _____, _____, the principal amount of U.S.\$ _____.

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

Interest Rate: _____% per annum (calculated on the basis of a year of _____ days for the actual number of days elapsed).

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Paying Agent, for the account of the Lender at 399 Park Avenue, New York, NY 10043 in same day funds.

This Promissory Note is one of the Competitive Bid Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

FEDERATED DEPARTMENT STORES, INC.

By
Title:

EXHIBIT B-1 - FORM OF NOTICE OF
REVOLVING CREDIT BORROWING

Citibank, N.A., as Paying Agent
for the Lender Parties party
to the Credit Agreement
referred to below
399 Park Avenue
New York, New York 10043 [Date]

Attention: Leonard Sarcona

Ladies and Gentlemen:

The undersigned, Federated Department Stores, Inc., refers to the Five Year Credit Agreement dated as of July 28, 1997 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lender Parties party thereto, Citibank, N.A., as Paying Agent and as Administrative Agent for said Lender Parties, The Chase Manhattan Bank, as Administrative Agent for said Lender Parties, BankBoston, N.A., as Syndication Agent and The Bank of America, National Trust & Savings Association, as Documentation Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Revolving Credit Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Revolving Credit Borrowing (the "Proposed Revolving Credit Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Revolving Credit Borrowing is _____, ____.

(ii) The Type of Advances comprising the Proposed Revolving Credit Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Revolving Credit Borrowing is \$_____.

[(iv) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Revolving Credit Borrowing is _____ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Revolving Credit Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Revolving Credit Borrowing and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Proposed Revolving Credit Borrowing, in which case as of such specific date;

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

Default; and

(C) the aggregate amount of the Proposed Revolving Credit Borrowing and all other Borrowings to be made on the same day under the Credit Agreement is within the aggregate amount of the Unused Revolving Credit Commitments of the Lenders less the Commercial Paper Set-Aside Amount.

Very truly yours,

FEDERATED DEPARTMENT STORES, INC.

By
Title:

EXHIBIT B-2 - FORM OF NOTICE OF
COMPETITIVE BID BORROWING

Citibank, N.A., as Paying Agent
for the Lender Parties party
to the Credit Agreement
referred to below
399 Park Avenue
New York, New York 10043 [Date]

Attention: Leonard Sarcona

Ladies and Gentlemen:

The undersigned, Federated Department Stores, Inc., refers to the Five Year Credit Agreement dated as of July 28, 1997 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lender Parties party thereto, Citibank, N.A., as Paying Agent and as Administrative Agent for said Lender Parties, The Chase Manhattan Bank, as Administrative Agent for said Lender Parties, BankBoston, N.A., as Syndication Agent, and The Bank of America, National Trust & Savings Association, as Documentation Agent and hereby gives you notice, irrevocably, pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests a Competitive Bid Borrowing under the Credit Agreement, and in that connection sets forth the terms on which such Competitive Bid Borrowing (the "Proposed Competitive Bid Borrowing") is requested to be made:

- (A) Date of Competitive Bid Borrowing _____
- (B) Amount of Competitive Bid Borrowing _____
- (C) [Maturity Date] [Interest Period] _____
- (D) Interest Rate Basis _____
- (E) Interest Payment Date(s) _____
- (F) _____
- (G) _____
- (H) _____

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Competitive Bid Borrowing:

(a) the representations and warranties contained in Section 4.01 are correct, before and after giving effect to the Proposed Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such

Proposed Competitive Bid Borrowing, in which case as of such specific date;

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

(c) no event has occurred and no circumstance exists as a result of which the information concerning the undersigned that has been provided to the Agents and each Lender by the undersigned in connection with the Credit Agreement would include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and

(d) the aggregate amount of the Proposed Competitive Bid Borrowing and all other Borrowings to be made on the same day under the Credit Agreement is within the aggregate amount of the Unused Revolving Credit Commitments of the Lenders less the Commercial Paper Set-Aside Amount.

The undersigned hereby confirms that the Proposed Competitive Bid Borrowing is to be made available to it in accordance with Section 2.03(a)(v) of the Credit Agreement.

Very truly yours,

FEDERATED DEPARTMENT STORES, INC.

By
Title:

EXHIBIT C - FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Five Year Credit Agreement dated as of July 28, 1997 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Federated Department Stores, Inc., a Delaware corporation (the "Borrower"), the Lender Parties (as defined in the Credit Agreement) party thereto, Citibank, N.A., as an administrative agent for the Lender Parties (in such capacity, an "Administrative Agent") and paying agent (in such capacity, the "Paying Agent") for the Lender Parties, The Chase Manhattan Bank, as an administrative agent (in such capacity, an "Administrative Agent"; the Administrative Agents and the Paying Agent being, collectively, the "Agents") for the Lender Parties, BankBoston, N.A., as syndication agent and The Bank of America, National Trust & Savings Association, as documentation agent. Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule I hereto agree as follows:

1. The Assignor hereby sells and assigns without recourse, except as to the representations and warranties made by it herein, to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof (other than in respect of Competitive Bid Advances and Competitive Bid Notes) equal to the percentage interest specified on Schedule 1 hereto of all outstanding rights and obligations under the Credit Agreement (other than in respect of Competitive Bid Advances and Competitive Bid Notes). After giving effect to such sale and assignment, the Assignee's Commitment and the

amount of the Advances owing to the Assignee will be as set forth on Schedule 1 hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; and (iv) attaches the Revolving Credit Note held by the Assignor and requests that the Administrative Agent exchange such Revolving Credit Note for a new Revolving Credit Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new Revolving Credit Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitment retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon any Agent, the Assignor or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to such Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender Party; and (vi) attaches any U.S. Internal Revenue Service forms required under Section 2.14 of the Credit Agreement.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Paying Agent for acceptance and recording by the Paying Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Paying Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Paying Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Paying Agent, from and after the Effective Date, the Paying Agent shall make all payments under the Credit Agreement and the Revolving Credit Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and facility fees with respect thereto) to the Assignee.

The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Revolving Credit Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

Schedule 1
to
Assignment and Acceptance

Percentage interest assigned: _____%

Assignee's Commitment: \$ _____

Aggregate outstanding principal amount of _____ Advances assigned: \$ _____

*[Principal amount of Revolving Credit Note payable to Assignee: \$ _____]

**[Principal amount of Revolving Credit Note payable to Assignor: \$ _____]

Effective Date***: _____, _____

[NAME OF ASSIGNOR], as Assignor

By
Title:

Dated: _____, _____

[NAME OF ASSIGNEE], as Assignee

By
Title:

Dated: _____, _____

Domestic Lending Office:
[Address]

Eurodollar Lending Office:
[Address]

* If requested by the Assignee.

** If requested by the Assignor

*** This date should be no earlier than five Business Days after

the delivery of this Assignment and Acceptance to the Paying Agent.

Accepted [and Approved]* this _____ day of _____, _____

CITIBANK, N.A., as Paying Agent

By
Title:

[Approved this _____ day
of _____, _____

FEDERATED DEPARTMENT STORES, INC.

By _____]*
Title:

* Required if the Assignee is an Eligible Assignee solely by reason of clause (iii) of the definition of "Eligible Assignee".

EXHIBIT D - FORM OF
DESIGNATION AGREEMENT

Dated _____, _____

Reference is made to the Five Year Credit Agreement dated as of July 28, 1997 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Federated Department Stores, Inc., a Delaware corporation (the "Borrower"), the Lender Parties (as defined in the Credit Agreement) party thereto, Citibank, N.A., as an administrative agent for the Lender Parties (in such capacity, an "Administrative Agent") and paying agent (in such capacity, the "Paying Agent") for the Lender Parties, The Chase Manhattan Bank, as an administrative agent (in such capacity, an "Administrative Agent"; the Administrative Agents and the Paying Agent being, collectively, the "Agents") for the Lender Parties, BankBoston, N.A., as syndication agent and The Bank of America, National Trust & Savings Association, as documentation agent. Terms defined in the Credit Agreement are used herein with the same meaning.

_____ (the "Designor") and
_____ (the "Designee") agree as follows:

1. The Designor hereby designates the Designee, and the Designee hereby accepts such designation, to have a right to make Competitive Bid Advances pursuant to Section 2.03 of the Credit Agreement.

2. The Designor makes no representation or warranty and assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, of any Loan Document or any other instrument or document furnished pursuant thereto and (ii) the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto.

3. The Designee (i) confirms that it has received a

copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Designation Agreement; (ii) agrees that it will, independently and without reliance upon any Agent, the Designor or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is a Designated Bidder; (iv) appoints and authorizes each Agent to take such action as agents on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to such Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender Party.

4. Following the execution of this Designation Agreement by the Designor and its Designee, it will be delivered to the Paying Agent for acceptance and recording by the Paying Agent. The effective date for this Designation Agreement (the "Effective Date") shall be the date of acceptance hereof by the Paying Agent, unless otherwise specified on the signature page hereto.

5. Upon such acceptance and recording by the Paying Agent, as of the Effective Date, the Designee shall be a party to the Credit Agreement with a right to make Competitive Bid Advances as a Lender Party pursuant to Section 2.03 of the Credit Agreement and the rights and obligations of a Lender Party related thereto.

6. This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

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

IN WITNESS WHEREOF, the Designor and the Designee have caused this Designation Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

Effective Date*: _____, ____

[NAME OF DESIGNOR],
as Designor

By
Title:

[NAME OF DESIGNEE],
as Designee

By
Title:

Applicable Lending Office (and
address for notices):
[Address]

Accepted this ____ day

of _____, _____

CITIBANK, N.A., as Paying Agent

By
Title:

EXHIBIT E - FORM OF
OPINION OF COUNSEL
FOR THE BORROWER

July 28, 1997

To: The Lender Parties party to each Credit Agreement referred to below and to Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, BankBoston, N.A., as Syndication Agent, and Bank of America National Trust and Savings Association, as Documentation Agent

Re: Federated Department Stores, Inc.

Ladies and Gentlemen:

We have acted as special counsel for Federated Department Stores, Inc., a Delaware corporation (the "Borrower"), in connection with each Credit Agreement dated as of July 28, 1997 (collectively, the "Credit Agreements"), among the Borrower, the Lender Parties (as defined in the Credit Agreements), Citibank, N.A., as administrative agent and paying agent for the Lender Parties, The Chase Manhattan Bank, as administrative agent for the Lender Parties, BankBoston, N.A., as syndication agent, and Bank of America National Trust and Savings Association, as documentation agent. This letter is delivered to you pursuant to Section 3.01(g)(iv) of the Credit Agreements. Capitalized terms used in this letter and not otherwise defined have the meanings assigned to such terms in the Credit Agreements. With your permission, all assumptions and statements of reliance in this letter have been made without any independent investigation or verification on our part except to the extent otherwise expressly stated and we express no opinion with respect to the subject matter or accuracy of the assumptions or items upon which we have relied.

In connection with the opinions expressed in this letter, we have examined such documents, records and matters of law as we have deemed necessary for the purposes of the opinions expressed below. We have examined, among other documents, the following:

(a) an executed copy of the Credit Agreements;

(b) an executed copy of each Revolving Credit Promissory Note made by the Borrower in favor of a Lender that requested such note prior to the Effective Date (collectively, the "Notes"); and

(c) the Officer's Certificate of the Borrower delivered to us in connection with this letter, a copy of which is attached as Annex A (the "Officer's Certificate").

In all such examinations, we have assumed the legal capacity of all natural persons executing documents, the

genuineness of all signatures, the authenticity of original and certified documents and the conformity to original or certified copies of all copies submitted to us as conformed or reproduction copies. As to various questions of fact relevant to the opinions expressed in this letter, we have relied upon, and assume the accuracy of, representations and warranties contained in the Credit Agreements and certificates of or from representatives of the Borrower and public officials. With respect to the legal conclusions as to valid existence and good standing expressed in paragraph 1 below, we have relied solely upon certificates of public officials. With respect to the opinions expressed in paragraphs 3(iii)(a) and 4 below, our opinions are limited (i) to our actual knowledge, if any, of the Borrower's specially regulated business activities and properties based solely upon an officer's certificate in respect of such matters and without any independent investigation or verification on our part and (ii) to our review of only those laws and regulations that, in our experience, are normally applicable to transactions of the type contemplated by the Credit Agreements.

To the extent it may be relevant to the opinions expressed in this letter, we have assumed that the parties to the Credit Agreements other than the Borrower have the power to enter into and perform the Credit Agreements and to consummate the transactions contemplated by the Credit Agreements and that the Credit Agreements have been duly authorized, executed and delivered by, and constitute enforceable obligations of, such parties.

Based upon the foregoing, and subject to the limitations, qualifications and assumptions set forth in this letter, we are of the opinion that:

1. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

2. The Borrower has the corporate power and authority to enter into and to perform its obligations under the Credit Agreements and the Notes.

3. The execution and delivery by the Borrower of the Credit Agreements and the Notes and the performance by the Borrower of its obligations under the Credit Agreements and the Notes: (i) have been authorized by all necessary corporate action by the Borrower; (ii) do not contravene any provision of the certificate of incorporation or by-laws of the Borrower; and (iii) do not violate (a) any present law, or present regulation or rule of any governmental agency or authority, of the State of New York or the United States of America known by us to be applicable to the Borrower or its property; (b) do not violate any agreement binding upon the Borrower or its property or any court decree or order binding upon the Borrower or its property (this opinion being limited (1) to those agreements, decrees or orders that have been identified to us in the Officer's Certificate and (2) in that we express no opinion with respect to any violation not readily ascertainable from the face of any such agreement, decree or order or arising under or based upon any cross-default provision insofar as it relates to a default under an agreement not so identified to us or arising under or based upon any covenant of a financial or numerical nature or requiring computation); and (c) will not result in or require the creation or imposition of any security interest or lien upon any of its properties under the provisions of any agreement binding upon the Borrower or its properties other than the security interests created by the Credit Agreements and any rights of set-off or other liens in favor of the Lender Parties arising under the Credit Agreements or applicable law (this opinion being limited to those agreements that have been identified to us in the Officer's Certificate).

4. The execution and delivery by the Borrower of the Credit Agreements and the Notes and the performance by the

Borrower of its obligations under the Credit Agreements and the Notes do not require under present law any filing or registration by the Borrower with, or approval or consent to the Borrower of, any governmental agency or authority of the State of New York or of the United States of America or any other Person party to any of the agreements listed in the Officer's Certificate that has not been made or obtained except (i) filings under securities laws and (ii) filings, registrations, consents or approvals in each case not required to be made or obtained by the date of this letter.

5. The Credit Agreements and the Notes have been duly executed and delivered on behalf of the Borrower. The Credit Agreements and the Notes constitute valid, binding and enforceable obligations of the Borrower.

6. The borrowings by the Borrower under the Credit Agreements and the application of the proceeds of such borrowings as provided in the Credit Agreements will not violate Regulation X of the Board of Governors of the Federal Reserve System.

The opinions set forth above are subject to the following qualifications:

(A) Our opinions in the second sentence of paragraph 5 above as to enforceability are subject to (i) applicable bankruptcy, insolvency, reorganization, fraudulent transfer, voidable preference, moratorium or similar laws and related judicial doctrines from time to time in effect affecting creditors' rights and remedies generally and (ii) general principles of equity (including, without limitation, standards of materiality, good faith, fair dealing and reasonableness, equitable defenses and limits on the availability of equitable remedies), whether such principles are considered in a proceeding at law or in equity.

(B) We express no opinion as to the enforceability of any provision in the Credit Agreements:

(i) relating to indemnification, contribution or exculpation in connection with violations of any securities laws or statutory duties or public policy or in connection with willful, reckless or unlawful acts or gross negligence of the indemnified or exculpated party or the party receiving contribution;

(ii) relating to exculpation of any party in connection with its own negligence that a court would determine in the circumstances under applicable law to be unfair or insufficiently explicit;

(iii) providing that any person or entity other than a Lender Party may exercise set-off rights other than in accordance with and under applicable law;

(iv) relating to forum selection to the extent the forum is a federal court;

(v) relating to forum selection to the extent that (a) any relevant action or proceeding does not arise out of or relate to the Credit Agreements, (b) the Credit Agreements are not in consideration of, and do not at all relevant times relate to and constitute an obligation arising out of a transaction covering in the aggregate, not less than \$1,000,000 or (c) the enforceability of any such provision is to be determined by any court other than a court of the State of New York;

(vi) relating to choice of governing law to the extent that (a) the Credit Agreements are not at all relevant times in consideration of, and do not at all relevant times relate to and constitute an obligation arising out of a transaction covering in the aggregate, not less than \$250,000 or (b) the

enforceability of any such provision is to be determined by any court other than a court of the State of New York;

(vii) waiving any rights to trial by jury; and

(viii) specifying that provisions of the Credit Agreements may be waived only in writing, to the extent that an oral agreement or an implied agreement by trade practice or course of conduct has been created that modifies any provision of the Credit Agreements.

(C) Our opinions in the second sentence of paragraph 5 above as to enforceability are subject to the effect of generally applicable rules of law that govern and afford judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs.

(D) We express no opinion as to the application of, and our opinions above are subject to the effect, if any, of, any applicable fraudulent conveyance, fraudulent transfer, fraudulent obligation or preferential transfer law and any law governing the liquidation or dissolution of, or the distribution of assets of, any person or entity (including, without limitation, any law relating to the payment of dividends or other distributions on capital stock or the repurchase of capital stock).

The opinions expressed in this letter are limited to (i) the federal laws of the United States of America and the laws of the State of New York and (ii) to the extent relevant to the opinions expressed in paragraphs 1, 2 and 3(i) above, the General Corporation Law of the State of Delaware, each as currently in effect.

We express no opinion as to the compliance or noncompliance, or the effect of the compliance or noncompliance, of the addressees of this letter with any state or federal laws or regulations applicable to it by reason of its status as or affiliation with a federally insured depository institution, except as expressly set forth in paragraph 6 above.

The opinions expressed in this letter are solely for the benefit of the addressees of this letter in connection with the transaction referred to in this letter and may not be relied on by such addressees for any other purpose, in any manner or for any purpose by any other person or entity.

Very truly yours,

JONES, DAY, REAVIS & POGUE

ANNEX A

FEDERATED DEPARTMENT STORES, INC.
OFFICER'S CERTIFICATE

Reference is made to the opinion letter of Jones, Day, Reavis & Pogue (the "Opinion") delivered in connection with each Credit Agreement dated as of July 28, 1997 (collectively, the "Credit Agreements"), among Federated Department Stores, Inc. (the "Borrower"), the Lender Parties (as defined in the Credit Agreements), Citibank, N.A., as administrative agent and paying agent for the Lender Parties, The Chase Manhattan Bank, as administrative agent for the Lender Parties, BankBoston, N.A., as syndication agent, and Bank of America National Trust and Savings Association, as documentation agent. Capitalized terms used in this certificate and not otherwise defined have the meanings assigned to such terms in the Opinion.

The undersigned officer of the Borrower certifies, in connection with the execution, delivery and performance by the Borrower of the Credit Agreements, the consummation of the transactions contemplated by the Credit Agreements and the Opinion, that attached as Schedule I is a list of (i) all indentures, mortgages, deeds of trust, security or pledge agreements, guarantees, loan or credit agreements and other agreements or instruments and (ii) all decrees and orders, in each case in clause (i) and (ii) above, to which the Borrower is a party or that are otherwise binding upon the Borrower or any of its assets or property and that contain financial or other covenants or provisions for defaults or events of default or similar events or occurrences or that otherwise would or could have the effect of (a) restricting the types of provisions that any other agreement to which the Borrower becomes a party may contain, (b) restricting the conduct of the Borrower's business, the incurrence of indebtedness, guarantees or other liabilities or obligations, the creation of liens upon any of the Borrower's property or assets or otherwise restricting the execution, delivery, and performance of, or the consummation of the transactions contemplated by, the Credit Agreements or (c) resulting in, or requiring the creation or imposition of, any lien upon any of the Borrower's assets or property as a result of the execution, delivery or performance of, or the consummation of the transactions contemplated by, the Credit Agreements. A true and complete copy of each of the above agreements, instruments, documents, decrees and orders has been previously furnished to Jones, Day, Reavis & Pogue. No default or event of default or violation of any such agreements, instruments, decrees or orders exists or, immediately after giving effect to entry into the Credit Agreements or consummation of any of the transactions contemplated by the Credit Agreements, will exist.

Delivered as of this 28th day of July, 1997.

Name:

Title:

SCHEDULE I TO OFFICER'S CERTIFICATE

Debt Agreements:

1. Amended and Restated Pooling and Servicing Agreement dated as of December 15, 1992 (the "Pooling and Servicing Agreement"), among the Borrower, Prime Receivables Corporation, and Chemical Bank, as trustee, as amended by the First Amendment, dated as of December 1, 1993, as further amended by the Second Amendment, dated as of February 28, 1994, as further amended by the Third Amendment dated as of May 31, 1994, as further amended by the Fourth Amendment dated as of January 18, 1995, as further amended by Fifth Amendment dated as of April 30, 1995, as further amended by the Sixth Amendment dated as of July 27, 1995, and as further amended by the Seventh Amendment dated as of May 14, 1996.
2. Assumption Agreement under the Pooling and Servicing Agreement dated as of September 15, 1993.
3. Series 1992-1 Supplement dated as of December 15, 1992, to the Pooling and Servicing Agreement.
4. Series 1992-2 Supplement dated as of December 15, 1992, to the Pooling and Servicing Agreement.
5. Series 1992-3 Variable Funding Supplement dated as of

January 5, 1993, to the Pooling and Servicing Agreement.

6. Series 1995-1 Supplement dated as of July 27, 1995, to the Pooling and Servicing Agreement.
7. Series 1996-1 Supplement dated as of May 14, 1996, to the Pooling and Servicing Agreement.
8. Liquidity Agreement dated as of December 31, 1992, among Seven Hills Funding Corporation, the Borrower, the financial institutions named therein, Chemical Bank, as depositary and collateral agent, and Credit Suisse, New York Branch as the liquidity agent.
9. Indenture dated as of December 15, 1994 (the "1994 Indenture"), between the Borrower and State Street Bank and Trust Company, as trustee.
10. Third Supplemental Indenture dated as of January 23, 1995, to the 1994 Indenture.
11. Fourth Supplemental Indenture dated as of September 27, 1995, to the 1994 Indenture.
12. Fifth Supplemental Indenture dated as of October 6, 1995, to the 1994 Indenture.
13. Sixth Supplemental Indenture dated as of February 1, 1996, to the 1994 Indenture.
14. Seventh Supplemental Indenture dated as of May 22, 1996, to the 1994 Indenture.
15. Eighth Supplemental Indenture dated as of July 14, 1997, to the 1994 Indenture.
16. Ninth Supplemental Indenture dated as of July 14, 1997, to the 1994 Indenture.
17. Guaranty Agreement dated as of May 26, 1994, made by the Borrower in favor of the banks listed therein and PNC Bank, Ohio, National Association, as agent, as amended by Amendment #1 to Guaranty Agreement dated as of February 28, 1995.
18. Commercial Paper Dealer Agreement dated as of January 30, 1997, between the Borrower and Citicorp Securities, Inc.
19. Commercial Paper Dealer Agreement dated as of January 30, 1997, between the Borrower and Citibank, N.A.
20. Commercial Paper Dealer Agreement dated as of January 30, 1997, between the Borrower and Lehman Brothers, Inc.

Decrees and Orders:

None.

<TABLE>

EXHIBIT 11
FEDERATED DEPARTMENT STORES, INC.

EXHIBIT OF PRIMARY AND FULLY DILUTED EARNINGS (LOSS) PER SHARE
(THOUSANDS, EXCEPT PER SHARE FIGURES)

<CAPTION>

	13 Weeks Ended			26 Weeks Ended					
	August 2, 1997	August 3, 1996		August 2, 1997	August 3, 1996				
	Shares	Income	Shares	Loss	Shares	Income	Shares	Loss	
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Net income (loss) and average number of shares outstanding		209,065	\$27,697	207,663	\$(27,193)	208,650	\$51,756	207,187	\$(65,139)
Earnings (loss) per share		\$.13	\$(.13)		\$.25		\$(.31)		

PRIMARY COMPUTATION:

Average number of common share equivalents:

Deferred compensation plan	325				305				
Warrants	4,587			4,047					
Stock options	1,757	-	-	-	1,657	-	-	-	
Adjusted number of common and common equivalent shares outstanding and adjusted net income (loss)	215,734	27,697	207,663	(27,193)	214,659	51,756	207,187	(65,139)	
Primary earnings (loss) per share	\$.13	\$(.13)		\$.24		\$(.31)			

FULLY DILUTED COMPUTATION:

Additional adjustments to a fully diluted basis:

Convertible notes	10,239	2,588							
Warrants	2,176			2,176					
Stock options	845	-	-	-	845	-	-	-	
Adjusted number of shares outstanding and net earnings (loss) on a fully diluted basis	228,994	\$30,285	207,663	\$(27,193)	217,680	\$51,756	207,187	\$(65,139)	
Fully diluted earnings (loss) per share	\$.13	\$(.13)		\$.24		\$(.31)			

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<F1>Includes the following:

Supplies and prepaid expenses	128,981
Deferred income tax assets	105,989

<F2>Includes the following:

Intangible assets - net	703,761
Notes receivable	3,976
Other assets	373,286

<F3>Includes the following:

Deferred income taxes	835,725
Other liabilities	559,001
Shareholders' Equity	4,755,877

<F4>Includes the following:

Interest Income	7,095
-----------------	-------

</FN>

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