

RICHARDSON ELECTRONICS LTD/DE
Form 8-K
December 09, 2002

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AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

This Amended and Restated Revolving Credit Agreement, dated as of November 26, 2002 (the "Agreement") by and among (i) Richardson Electronics, Ltd., a Delaware corporation (the "US-Borrower"), (ii) Burtek Systems, Inc., a Canadian corporation, Richardson Electronics Canada, Ltd., a Canadian corporation (each a "Canada-Borrower", and collectively, the "Canada-Borrowers"); (iii) Richardson Electronics Limited, an English limited liability company (the "UK-Borrower"); (iv) RESA, SNC, a French partnership, Richardson Electronique SNC, a French partnership, Richardson Electronics Iberica, S.A., a Spanish corporation, Richardson Electronics GmbH, a German limited liability company, Richardson Electronics Benelux B.V., a Dutch private limited liability company, (each a "Euro-Borrower" and collectively, the "Euro-Borrowers"), (v) Richardson Sweden Holding AB, a Swedish corporation (the "Krona-Borrower") and (vi) Richardson Electronics KK, a company organized under the laws of Japan (the "Japan-Borrower") (the US-Borrower, the Canada-Borrowers, the UK-Borrower, the Euro-Borrowers, the Krona-Borrower and the Japan-Borrower are collectively referred to as the "Borrowers"), the lenders from time to

time parties hereto (each, a "Lender" and collectively, the "Lenders"), Bank One, NA, London Branch as Eurocurrency Agent (the "Eurocurrency Agent"), Bank One, NA, Canada Branch as Canada Agent (the "Canada Agent"), Bank One, NA, Tokyo Branch as Japan Agent (the "Japan Agent") and Bank One, NA, as administrative agent (in such capacity, the "Administrative Agent") (the Eurocurrency Agent, the Canada Agent, the Japan Agent and the Administrative Agent are collectively referred to as the "Funding Agents" and each individually a "Funding Agent").

RECITALS

WHEREAS, certain of the Borrowers, certain of the Lenders, the Eurocurrency Agent, the Canada Agent and the Administrative Agent previously entered into that certain Revolving Credit Agreement, dated July 1, 2000 (as amended or modified from time to time, the "Prior Multicurrency Agreement");

WHEREAS, certain of the Borrowers, certain of the Lenders and the Administrative Agent previously entered into that certain Amended and Restated Loan Agreement, dated July 1, 2000 (as amended or modified from time to time, the "Prior U.S. Agreement");

WHEREAS, the Japan-Borrower and the Japan Agent previously entered in a JPY 300,000,000 Facility Letter, together with the Standard Terms and Conditions relating to Japanese yen-denominated banking facilities granted by the Japan Agent (as amended or modified from time to time, the "Prior Japan Agreements"); and

WHEREAS, the Borrowers, the Lenders, the Eurocurrency Agent, the Canada Agent, the Japan Agent and the Administrative Agent wish to amend and restate the Prior Multicurrency Agreement, the Prior U.S. Agreement and the Prior Japan Agreements in their entirety as set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

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):

"Account Debtor" means each Person obligated in any way on or in connection with an Account.

"Accounts" means all of the US-Borrower's or its Wholly-Owned Subsidiaries' now owned or hereafter acquired or arising accounts, as defined in the UCC, including any rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance.

"Acquisition(s)" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which any Borrower or any of such Borrower's Subsidiaries (i) acquires any going concern business or all or substantially all of the assets of any firm, partnership, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a firm, partnership or limited liability company.

"Adjusted EBITDA" means, as at any date of determination thereof, EBITDA plus the Medical Glassware Sale Charge plus the Inventory Charge 2002 plus the Goodwill Reduction plus the Severance Charge plus SFAS 133 Charges minus SFAS 133 Gains.

"Administrative Agent" means Bank One, NA, in its capacity as contractual representative of the Lenders pursuant to Article 10, and not in its individual capacity as a Lender, and any successor Administrative Agent appointed pursuant to Article 10.

"Advance" means the issuance of a Letter of Credit or a borrowing hereunder (or conversion or continuation thereof) consisting of the aggregate amount of the several Loans in the same Facility, the same Agreed Currency, the same Type, and for the same Interest Period, made by the Lenders on the same Borrowing Date (or date of conversion or continuation).

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agents" means each Funding Agent and the Administrative Agent.

"Agreed Currencies" means (i) so long as such currencies remain Eligible Currencies, British Pounds Sterling, Canadian Dollars, Swedish Krona, U.S. Dollars and Japanese Yen; (ii) the Euro; and (iii) any other Eligible Currency which a Borrower requests the relevant Funding Agent to include as an Agreed Currency hereunder and which is acceptable to all of the Lenders. For the purposes of this definition, each of the specific currencies referred to in clause (i) above shall mean and be deemed to refer to the lawful currency of the jurisdiction referred to in connection with such currency, *e.g.*, "British Pounds Sterling" means the lawful currency of the United Kingdom.

"Agreement" means this Amended and Restated Revolving Credit Agreement, as it may be amended or modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements required to be delivered pursuant to this Agreement.

"Aggregate Canada Facility Commitment" means the aggregate of the Commitments of the Canada Lenders under the Canada Facility.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders under all Facilities, as reduced from time to time pursuant to the terms hereof.

"Aggregate Euro Facility Commitment" means the aggregate of the Commitments of the Lenders under the Euro Facility.

"Aggregate Japan Facility Commitment" means the aggregate of the Commitments of the Japan Lenders under the Japan Facility.

"Aggregate Krona Facility Commitment" means the aggregate of the Commitments of the Lenders under the Krona Facility.

"Aggregate Total Outstandings" means as of any date of determination with respect to any Facility, an amount equal to the total outstanding principal amount of Loans under such Facility, *provided*, that the Aggregate Total Outstandings under each of the UK Facility and the US Facility shall be deemed to include the Facility Letter of Credit Obligations then outstanding under each such respective Facility.

"Aggregate UK Facility Commitment" means the aggregate of the Commitments of the Lenders under the UK Facility.

"Aggregate US Facility Commitment" means the aggregate of the Commitments of the US Lenders under the US Facility.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

"Approved Fund" means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender, or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" means Banc One Capital Markets, Inc., a Delaware corporation, and its successors.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Authorized Officer" means any of the Chairman, President, Executive Vice Presidents, Vice Presidents, and Chief Financial Officer, Secretary and Treasurer or any other senior officer of any Borrower, acting singly.

"BA Interest Date" means the last day of each BA Interest Period.

"BA Interest Period" means, with respect to a BA Rate Advance, the term of days as selected by a Canada-Borrower in accordance with Section 2.7.2, commencing on the Borrowing Date or Conversion Date, as applicable, of such BA Rate Advance and expiring on a Business Day, which term shall not be less than 30 days or more than 180 days thereafter, in each case subject to availability.

"BA Rate" means, in respect of any BA Rate Advance, the sum of (i) annual rate of interest which is the rate determined as being the rate of the Canada Agent's Lending Installation applicable to Canadian Dollar bankers' acceptances for the applicable BA Interest Period, and (ii) the Applicable Margin.

"BA Rate Advance" means any Advance denominated in Canadian Dollars and bearing interest at the BA Rate.

"Benefit Plan" means each employee benefit plan as defined in Section 3(3) of ERISA.

"Borrower" has the meaning specified in the preamble.

"Borrowing Base" means, at any time and in respect of the US-Borrower and its Wholly-Owned Subsidiaries, an amount equal to the lesser of (a) the Aggregate Commitment or (b) the sum of (i) seventy (70%) of the Net Amount of Eligible Accounts; plus (ii) forty-five percent (45%) of the lesser of cost (determined on a first-in-first-out basis) and fair market value of Eligible Inventory.

"Borrowing Base Certificate" means a certificate by an Authorized Officer, substantially in the form of Exhibit L (or another form acceptable to the Administrative Agent) setting forth the calculation of the Borrowing Base, including a

calculation of each component thereof, all in such detail as shall be satisfactory to the Administrative Agent. All calculations of the Borrowing Base in connection with the preparation of any Borrowing Base Certificate shall originally be made by the US-Borrower and certified to the Administrative Agent; *provided*, that the Administrative Agent shall have the right to review and adjust, in the exercise of its reasonable credit judgment, any such calculation (a) to reflect its reasonable estimate of declines in value of any of the collateral (or other assets) described therein, and (b) to the extent that such calculation is not in accordance with this Agreement.

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

"Borrowing Notice" is defined in Section 2.6.

"British Pounds Sterling" or "GBP" means the lawful currency of the United Kingdom.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago, New York, and Tokyo in respect of the Japan Facility, Toronto in respect of the Canada Facility and in the city of any relevant Lending Installation for the conduct of substantially all of their commercial lending activities and on which dealings in the applicable Agreed Currency are carried on in the London interbank market (and if the Advances which are the subject of such borrowing, payment or rate selection are denominated in Euro, a day upon which such clearing system (as determined by the Eurocurrency Agent to be suitable for clearing or settlement of the Euro) is open for business) and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in London, Chicago and New York for the conduct of substantially all of their commercial lending activities.

"Canada-Borrower" has the meaning specified in the preamble.

"Canada Facility" means the revolving loans denominated in Canadian Dollars and made available by the Canada Lenders to the Canada-Borrowers pursuant to the terms hereof. Loans under the Canada Facility may be either BA Rate Advances or Canadian Prime Advances.

"Canada Facility Commitment" means, for each Canada Lender, the obligation of such Canada Lender to make Loans not exceeding the principal amount set forth opposite its signature below with respect to Canadian Dollars or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.3, as such amount may be modified from time to time pursuant to the terms hereof.

"Canada Lenders" shall mean such of the Lenders having Commitments to lend in Canadian Dollars as set forth on the signature pages hereto.

"Canadian Dollars" or "CAD" means the lawful currency of Canada.

"Canadian Prime Advance" means any Advance which is denominated in Canadian Dollars and bearing interest at the Canadian Prime Rate.

"Canadian Prime Rate" means the annual rate of interest in effect from time to time equal to the greater of (i) the annual rate of interest publicly announced from time to time by the Canada Agent as being its reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans; and (ii) the 30 day BA Rate plus 1.00%. Any change in the Canadian Prime Rate shall be effective on the date such change becomes effective generally.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the US-Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalent Investments" means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's, (iii) demand deposit accounts maintained in the ordinary course of business, (iv) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$100,000,000; or (v) any additional investment as may be approved in writing by the Administrative Agent, provided in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

"Change in Control" means (i) with respect to the US-Borrower, Edward J. Richardson shall cease to own (beneficially or of record), free and clear of any prohibition or restriction on the transfer or exercise of any voting rights in respect thereof other than such restrictions in favor of the Administrative Agent and/or the Lenders, in the aggregate at least the minimum number of outstanding shares of voting stock of the US-Borrower required to elect a majority of the US-Borrower's Board of Directors and control any amendment of the US-Borrower's bylaws in an election in which all outstanding shares entitled to vote are in fact voted; or (ii) with respect to any other Borrower, the failure of the US-Borrower to own, directly or indirectly through one or more Subsidiaries, free and clear of all Liens or other encumbrances other than such restrictions in favor of the Administrative Agent and/or the Lenders, sufficient shares of voting stock of such Borrower on a fully diluted basis required to elect a majority of the applicable Borrower's Board of Directors and control any amendment of such Borrower's bylaws in an election in which all outstanding shares entitled to vote are in fact voted.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral Documents" means, collectively, the following documents each dated as of the date hereof, together with any documents delivered thereunder: (i) that certain Security Agreement between the US-Borrower and the Administrative Agent; (ii) that certain Security Agreement between Richardson International, Inc. and the Administrative Agent; (iii) that certain Pledge Agreement between the US-Borrower and the Administrative Agent; (iv) that certain Pledge Agreement between Richardson International, Inc. and the Administrative Agent; (v) that certain Guaranty delivered by the US-Borrower to the Administrative Agent; (vi) that certain Guaranty delivered by Richardson International, Inc. to the Administrative Agent; (vii) that certain Debenture between the UK-Borrower and the Administrative Agent; (viii) that certain General Security Agreement between Burtek Systems, Inc. and the Administrative Agent; (ix) that certain General Security Agreement between Richardson Electronics Canada, Ltd. and the Administrative Agent; (x) that certain General Assignment of Accounts Receivable delivered by Burtek Systems, Inc. to the Administrative Agent; (xi) that certain General Assignment of Accounts Receivable delivered by Richardson Electronics Canada, Ltd. to the Administrative Agent; (xii) that certain Debenture between Burtek Systems, Inc. and the Administrative Agent; (xiii) that certain Debenture between Richardson Electronics Canada, Ltd. and the Administrative Agent; (xiv) that certain Deed of Hypothec between Burtek Systems, Inc. and the Administrative Agent; (xv) that certain Deed of Hypothec between Richardson Electronics Canada, Ltd. and the Administrative Agent; (xvi) that certain Hypothec of Debenture between Burtek Systems, Inc. and the Administrative Agent; and (xvii) that certain Hypothec of Debenture between Richardson Electronics Canada, Ltd. and the Administrative Agent.

"Commercial Letter of Credit" means any Facility Letter of Credit that is a commercial or trade Letter of Credit.

"Commitment" means, for each Lender, the obligation of such Lender to make Loans and, as applicable, to purchase participation in Facility Letters of Credit (under any Facility) not exceeding in the aggregate the amount set forth opposite its signature below for each applicable Facility or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.3, as such amount may be modified from time to time pursuant to the terms hereof.

"Computation Date" means the day upon or as of which the Administrative Agent determines Dollar Amounts or Euro Amounts with respect to an Advance as such day is elected by the Administrative Agent in its discretion or upon instruction by the Required Lenders.

"Consolidated Funded Indebtedness" means at any time the aggregate Dollar Amount of Consolidated Indebtedness that has actually been funded and is outstanding at such time, whether or not such amount is due or payable at such time, including, but not limited to, the Obligations.

"Consolidated Indebtedness" means at any time the Indebtedness of the US-Borrower and its Subsidiaries calculated on a consolidated basis as of such time, including, but not limited to, the Obligations.

"Contingent Obligation" of a Person means, without duplication, any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application or reimbursement agreement for a letter of credit but excluding any endorsement of instruments for deposit or collection in the ordinary course of business and excluding purchase commitments made in the ordinary course of business.

"Continuation Notice" is defined in Section 2.7.1.

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

"Conversion Date" means the date on which the relevant Funding Agent has been notified by a Borrower as being the date on which such Borrower has elected to convert an Advance or a portion of an Advance pursuant to Section 2.7.3.

"Conversion Notice" is defined in Section 2.7.3.

"Debentures" means the US-Borrower's 7-1/4% Convertible Subordinated Debentures due December 15, 2006 and 8-1/4% Convertible Senior Subordinated Debentures due June 15, 2006.

"Default" means an event described in Article 7.

"Documents" means this Agreement, all Notes issued pursuant to Section 2.13, all Collateral Documents and all Guaranties.

"Dollar Amount" of any currency at any date shall mean (i) the amount of such currency if such currency is Dollars or (ii) the Equivalent Amount of Dollars if such currency is any currency other than Dollars, calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Lending Installation of the relevant Funding Agent for such currency on the London market at 11:00 a.m., London time, on or as of the most recent Computation Date.

"Dollars" and "\$" shall mean the lawful currency of the United States of America.

"EBITDA" means, as at date of determination thereof the sum of Net Income, Interest Expense, income taxes, depreciation and amortization in each case calculated as at such date of determination for the US-Borrower and its Subsidiaries on a consolidated basis in accordance with Agreement Accounting Principles. Neither cash nor non-cash charges or gains reflecting extraordinary terms, unusual items, or one-time charges or gains will be added back for the purpose of EBITDA calculation.

"Eligible Account" means an Account owing by a Person (i) residing, located or having its principal activities or place of business in the United States, the United Kingdom, France, Spain, Germany, Netherlands, Japan, Singapore, Sweden or any province of Canada other than Quebec, and (ii) subject to service of process within the continental United States, the United Kingdom, France, Spain, Germany, Netherlands, Japan, Singapore, Sweden or any province of Canada other than Quebec; *provided* that an Account shall not be an "Eligible Account" if the Required Lenders, in their reasonable discretion, determines that it is an Account:

(a) with respect to which more than 90 days have elapsed since the date of the original invoice therefor;

(b) with respect to which Account (or any other Account due from such Account Debtor), in whole or in part, a check, promissory note, draft, trade acceptance or other instrument for the payment of money has been received, presented for payment and returned uncollected for any reason;

(c) which represents a progress billing (as hereinafter defined) or as to which the US-Borrower or its Wholly-Owned Subsidiary has extended the time for payment without the consent of the Administrative Agent; for the purposes hereof, "progress billing" means any invoice for goods sold or leased or services rendered under a contract or agreement pursuant to which the Account Debtor's obligation to pay such invoice is conditioned upon the completion of any further performance under the contract or agreement;

(d) with respect to which any one or more of the following events has occurred to the Account Debtor on such Account: (i) death or judicial declaration of incompetency of an Account Debtor who is an individual; (ii) the filing by or against the Account Debtor of a request or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as a bankrupt, winding-up, or other relief under the bankruptcy, insolvency, or similar laws of the United States, any state or territory thereof, or any foreign jurisdiction, now or hereafter in effect; (iii) the making of any general assignment by the Account Debtor for the benefit of creditors; the appointment of a receiver or trustee for the Account Debtor or for any of the assets of the Account Debtor, including, without limitation, the appointment of or taking possession by a "custodian," as defined in the U.S. Bankruptcy Code; (iv) the institution by or against the Account Debtor of any other type of insolvency proceeding (under the bankruptcy laws of the United States or otherwise) or of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of affairs of, the Account Debtor; (v) the sale, assignment, or transfer of all or any material part of the assets of the Account Debtor; the nonpayment generally by the Account Debtor of its debts as they become due; or the cessation of the business of the Account Debtor as a going concern; or (vi) such Account Debtor becomes unlikely to pay the Account due to financial inability, as determined by the Administrative Agent in the exercise of its good faith reasonable judgment;

(e) owed by an Account Debtor which is an Affiliate or employee of the US-Borrower or any of its Subsidiaries;

(f) if the Account Debtor thereon has disputed liability or made any claim with respect to any other Account due from such Account Debtor (including claims of setoff or recoupment); but in each such case only to the extent of such dispute or claim;

(g) owed by the government of the United States, any state or territory thereof, or any foreign jurisdiction, or by any state, municipality, political subdivision, department, agency, public corporation, or other instrumentality of any of the

foregoing and as to which the Administrative Agent determines that its Lien therein is not perfected;

(h) which represents a sale on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment, or other repurchase or return basis;

(i) which arises out of a sale not made in the ordinary course of the applicable entity's business;

(j) with respect to which the goods giving rise to such Account have not been shipped and delivered to and accepted by the Account Debtor or the services giving rise to such Account have not been performed, and, if applicable, accepted by the Account Debtor, or the Account Debtor revokes its acceptance of such goods or services;

(k) owed by an Account Debtor which is obligated to the US-Borrower or its Wholly-Owned Subsidiaries respecting Accounts the aggregate unpaid balance of which exceeds fifteen percent (15%) of the aggregate unpaid balance of all Accounts owed to the Borrower at such time by all of the Borrower's Account Debtors, but only to the extent of such excess;

(l) which arises out of an enforceable contract or order which, by its terms, forbids, restricts or makes void or unenforceable the granting of a Lien by the Borrower to the Administrative Agent with respect to such Account; or

(m) in the case of Accounts of the Canada-Borrower, the US-Borrower and the UK-Borrower, any Account which is not subject to a first priority and perfected security interest in favor of the Administrative Agent for the benefit of the Lenders.

In addition to the foregoing criteria of ineligibility, the Required Lenders may establish other reasonable criteria of ineligibility as a result of information obtained in connection with any field exam of a Borrower. If any Account at any time ceases to be an Eligible Account, then such Account shall promptly be excluded from the calculation of Eligible Accounts. Notwithstanding the foregoing, the Required Lenders may elect, in their sole discretion, to treat an Account as an Eligible Account even though it meets one or more of the applicable criteria for ineligibility.

"Eligible Currency" means any currency other than Dollars (i) that is readily available, (ii) that is freely traded, (iii) in which deposits are customarily offered to banks in the London interbank market, (iv) which is convertible into Dollars in the international interbank market and (v) as to which an Equivalent Amount may be readily calculated.

"Eligible Inventory" means Inventory, valued at the lower of cost or fair market value; *provided* that Inventory shall not be "Eligible Inventory" if the Required Lenders, in their reasonable discretion, determine that such Inventory fails to meet any of the following requirements:

(a) such Inventory is owned by the US-Borrower or its Wholly-Owned Subsidiaries and is located within the continental United States, the United Kingdom, France, Spain, Germany, Netherlands, Japan, Singapore, Sweden or any province of Canada other than Quebec,

(b) in the case of Inventory of (A) the Canada-Borrower, the US-Borrower and the UK-Borrower, such Inventory is subject to the Administrative Agent's Liens, which are perfected as to such Inventory, and is subject to no other Lien whatsoever other than Permitted Liens that (i) are junior in priority to the Administrative Agent's Liens and (ii) do not impair directly or indirectly the ability of the Administrative Agent to realize on or obtain the full benefit of the collateral), and (B) of any other Borrower, such Inventory is not subject to any Lien whatsoever other than Permitted Liens;

(c) such Inventory consists of raw materials or finished goods, and does not consist of work-in-process, chemicals, supplies, or packing and shipping materials;

(d) such Inventory is in good condition, not unmerchantable, and meets all standards imposed by any governmental authority having regulatory authority over such goods, their use or sale,

(e) such Inventory is (i) currently either usable or salable, at prices approximating at least cost, in the normal course of the applicable Person's business, and (ii) is not determined in connection with a field exam to be "slow moving" or stale; *provided* that up to 40% of the aggregate amount of Eligible Inventory may be "slow moving." As used herein, "slow moving" means Inventory aged at least one year;

(f) such Inventory is not obsolete or repossessed or used goods taken in trade,

(g) if such Inventory is located in a public warehouse or in possession of a bailee or in a facility leased by the applicable Person, the warehouseman, or the bailee, or the lessor has delivered to the Administrative Agent, if requested by the Administrative Agent, a subordination agreement in form and substance satisfactory to the Administrative Agent; and

(h) if such Inventory contains or bears any Proprietary Rights licensed to a Borrower or its Affiliate by any Person, the Administrative Agent shall be satisfied that it may sell or otherwise dispose of such Inventory in accordance with the Collateral Documents without infringing the rights of the licensor of such Proprietary Rights or violating any contract with such licensor (and without payment of any royalties other than any royalties due with respect to the sale or disposition of such Inventory pursuant to the existing license agreement), and, if the Administrative Agent deems it necessary, the applicable Borrower or its Affiliate shall deliver to the Administrative Agent a consent or sublicense agreement from such licensor in form and substance acceptable to the Administrative Agent.

In addition to the foregoing criteria of eligibility, the Required Lenders may establish other reasonable criteria of eligibility as a result of information obtained in connection with any field exam of a Borrower. If any Inventory at any time ceases to be Eligible Inventory, such Inventory shall promptly be excluded from the calculation of Eligible Inventory. Notwithstanding the foregoing, the Required Lenders may elect, in their sole discretion, to treat any Inventory as Eligible Inventory even though it fails to meet one or more of the applicable criteria for eligibility.

"Environmental Laws" means any and all federal, state, provincial, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into air, surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Equivalent Amount" of any currency at any date shall mean the equivalent amount of any other currency, calculated on the basis of the arithmetic mean of the buy and sell spot rates of exchange of the Lending Installation of the Administrative Agent for such other currency at 11:00 a.m., London time, on the date on or as of which such amount is to be determined.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Euro" and/or "EUR" means the euro referred to in Council Regulation (EC) No. 1103/97 dated June 17, 1997 passed by the Council of the European Union, or, if different, the then lawful currency of the member states of the European Union that participate in the third stage of Economic and Monetary Union.

"Euro Amount" of any currency at any date shall mean (i) the amount of such currency if such currency is Euro or (ii) the Equivalent Amount of Euro if such currency is any currency other than Euro, calculated on the basis of the

arithmetic mean of the buy and sell spot rates of exchange of the Lending Installation of the Eurocurrency Agent for such currency on the London market at 11:00 a.m., London time, on or as of the most recent Computation Date.

"Euro-Borrower" has the meaning specified in the preamble.

"Euro Facility" means the revolving loans denominated in Euro and made available by the Euro Lenders to the Euro-Borrowers pursuant to the terms hereof. Loans under the Euro Facility may only be Eurocurrency Advances.

"Euro Facility Commitment" means, for each Euro Lender, the obligation of such Euro Lender to make Loans not exceeding in the principal amount set forth opposite its signature below with respect to Euro or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.3, as such amount may be modified from time to time pursuant to the terms hereof.

"Euro Lenders" shall mean such of the Lenders having commitments to lend in Euro as set forth on the signature pages hereto.

"Eurocurrency Advance" means any Advance bearing interest at the applicable Eurocurrency Rate.

"Eurocurrency Base Rate" means, with respect to a Eurocurrency Advance:

(i) made in Euro or Krona, for the relevant Eurocurrency Interest Period, the applicable London interbank offered rate for deposits in Euro or Krona, as applicable, appearing on Telerate, Bloomberg, or Reuter screens as of 11:00 a.m. (London time) displaying the average British Bankers Association Interest Settlement Rate for Euro or Krona, as applicable, two London Banking Days prior to the first day of such Eurocurrency Interest Period. If such screen rates are unavailable, the Eurocurrency Base Rate shall be determined by the Eurocurrency Agent to be the rate reported to the Eurocurrency Agent by the Reference Lender as the rate at which such Reference Lender offers to place deposits in Euro or Krona, as applicable, with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two London Business Days prior to the first day of such Eurocurrency Interest Period, in the approximate amount of such Reference Lender's relevant Loan and having a maturity equal to such Eurocurrency Interest Period.

(ii) made in GBP, for the relevant Eurocurrency Interest Period, the applicable London interbank offered rate for deposits in GBP appearing on Telerate, Bloomberg, or Reuter screens as of 11:00 a.m. (London time) displaying the average British Bankers Association Interest Settlement Rate for GBP on the first Business Day of such Eurocurrency Interest Period. If such screen rates are unavailable, the Eurocurrency Base Rate shall be determined by the Eurocurrency Agent to be the rate reported to the Eurocurrency Agent by the Reference Lender as the rate at which such Reference Lender offers to place deposits in GBP, with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) on the first Business Day of such Eurocurrency Interest Period, in the approximate amount of such Reference Lender's relevant Loan and having a maturity equal to such Eurocurrency Interest Period.

(iii) made in Dollars, for the relevant Eurocurrency Interest Period, the applicable London interbank offered rate for deposits in Dollars appearing on Dow Jones Markets (Telerate) Page 3750 as of 11:00 a.m. (London time) two Business Days prior to the first day of such Eurocurrency Interest Period, and having a maturity equal to such Eurocurrency Interest Period. If such screen rate is unavailable, the Eurocurrency Base Rate for the relevant Eurocurrency Interest Period shall instead be the applicable London interbank offered rate for deposits in Dollars appearing on Reuters Screen FRBD as of 11:00 a.m. (London time) two Business Days prior to the first day of such Eurocurrency Interest Period, and having a maturity equal to such Eurocurrency Interest Period.

"Eurocurrency Interest Period" means, with respect to a Eurocurrency Advance, a period of one, two, three or six months commencing on a Business Day selected by any applicable Borrower requesting such Advance pursuant to

this Agreement. Such Eurocurrency Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Eurocurrency Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If a Eurocurrency Interest Period would otherwise end on a day which is not a Business Day, such Eurocurrency Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Eurocurrency Interest Period shall end on the immediately preceding Business Day.

"Eurocurrency Rate" means, with respect to an Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurocurrency Base Rate applicable to such Interest Period, over (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the Applicable Margin.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and any Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or such Agent is incorporated or organized or (ii) the jurisdiction in which such Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Facilities" (each a "Facility") means, collectively, the Canada Facility, the Euro Facility, the Japan Facility, the Krona Facility, the UK Facility and the US Facility.

"Facility Letter of Credit Obligations" means, at any date of determination thereof, all liabilities, whether actual or contingent, of, as applicable (i) the US-Borrower in respect of the Facility Letters of Credit, including, without limitation, the sum of Reimbursement Obligations and the aggregate undrawn face amount of any outstanding Facility Letters of Credit, or (ii) the UK-Borrower in respect of the Facility Letters of Credit, including, without limitation, the sum of Reimbursement Obligations and the aggregate undrawn face amount of any outstanding Facility Letters of Credit.

"Facility Letter of Credit Request" is defined in Section 2.24.4.

"Facility Letters of Credit" means, collectively, the Letters of Credit issued by the Issuer pursuant to Section 2.24.

"Facility Termination Date" means September 30, 2005 or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10 a.m. (Chicago time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion

"Fiscal Year" means, with respect to the US-Borrower or any of its Subsidiaries, the fiscal period beginning on June 1 and ending on May 31 of each calendar year.

"Fixed Charge Coverage Ratio" means the quotient of (i) Adjusted EBITDA minus Capital Expenditures, except those related to an Acquisition (including the existing Capital Expenditures of the entity acquired in the Acquisition), over (ii) the sum of Interest Expense plus principal payments on the Subordinated Debt of the US-Borrower and its Subsidiaries (including sinking fund payments), in each case calculated for the period of the trailing four consecutive

fiscal quarters ending on or most recently ended prior to such date of determination. For purposes of calculating the Fixed Charge Coverage Ratio, Interest Expense shall not include the fee paid pursuant to Section 2.4.1 (regardless of the characterization of such fee under Agreement Accounting Principles).

"Floating Rate" means the Alternate Base Rate, changing when and as the Alternate Base Rate changes, plus the Applicable Margin (if any).

"Floating Rate Advance" means an Advance under the US Facility which bears interest at the Floating Rate.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Funding Agents" has the meaning specified in the preamble.

"Goodwill Reduction" means an up to \$12,500,000 non-cash charge for the reduction in goodwill (within the meaning of Agreement Accounting Principles) of the US-Borrower based on a certificate provided to the Administrative Agent by an officer of the US-Borrower.

"Gross Up Event" means any of the events described in Sections 3.1 and 3.2 hereof.

"Guarantor" means any Person, and its permitted successors and assigns, that executes and delivers a Guaranty to an Agent. As of the date hereof, the US-Borrower and Richardson International, Inc. are each a Guarantor.

"Guaranty" (collectively the "Guaranties") means a guaranty executed by a Guarantor in favor of an Agent, for the ratable benefit of the Lenders under one or more Facilities, as such guaranty may be amended or modified and in effect from time to time (including, without limitation, that certain Guaranty of the US-Borrower of even date herewith and that certain Guaranty of Richardson International, Inc. of even date herewith).

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money or pursuant to letters of credit, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens (except obligations secured by Liens permitted under Section 6.14(viii)) or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) Capitalized Lease Obligations, (vi) Rate Management Obligations (excluding SFAS 133 Charges and SFAS 133 Gains), (vii) Contingent Obligations, (viii) Subordinated Debt, (ix) Net Mark-to-Market Exposure and (x) any other obligation for borrowed money or other financial accommodation which in accordance with the Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person.

"Intangible Assets" means the amount (to the extent reflected in determining consolidated stockholders' equity) of (i) all write-ups in the book value of any asset owned or acquired by the US-Borrower or a Subsidiary, (ii) all goodwill, covenants not to compete, prepayments, deferred charges, franchises, patents, trademarks, service marks, trade names, brand names and copyrights, (iii) all deferred financing costs (including, but not limited to, unamortized debt discount and expense, organization expense and experimental and development expenses, but excluding prepaid expenses), and (iv) leasehold improvements not recoverable at the expiration of a lease.

"Interest Expense" means, for any period of calculation, all interest expense on Indebtedness, excluding SFAS 133 Charges and SFAS 133 Gains, calculated for such period for the US-Borrower and its Subsidiaries on a consolidated basis in accordance with Agreement Accounting Principles.

"Interest Period" means the Eurocurrency Interest Period, the BA Interest Period or the TIBOR Interest Period, as the case may be.

"Inventory" means all of the US-Borrower's or its Subsidiaries' now owned and hereafter acquired inventory, goods and merchandise, wherever located, to be furnished under any contract of service or held for sale or lease, all returned goods, raw materials, other materials and supplies of any kind, nature or description which are used or consumed in the applicable Person's business or used in connection with the packing, shipping, advertising, selling or finishing of such goods, merchandise and such other personal property, and all documents of title or other documents representing them.

"Inventory Charge 2002" means (i) on or before February 28, 2003, an amount equal to \$16,073,000 (which represents a one-time charge taken during the US-Borrower's fiscal quarter ended May 31, 2002 resulting from the write down of inventory), and (ii) after February 28, 2003, an amount equal to \$0.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers, employees and sales agents made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade), redemption or other repurchase of its capital stock, or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

"Issuance Date" means, with respect to any Facility Letter of Credit, the date on which such Facility Letter of Credit is issued hereunder.

"Issuance Fee" is defined in Section 2.24.8.

"Issuer" is defined in Section 2.24.1.

"Japan Borrower" has the meaning specified in the preamble.

"Japan Facility" means the revolving loans denominated in Japanese Yen and made available by the Japan Lenders to the Japan-Borrower pursuant to the terms hereof. Loans under the Japan Facility may only be TIBOR Advances.

"Japan Facility Commitment" means, for each Japan Lender, the obligation of such Japan Lender to make Loans not exceeding in the principal amount set forth opposite its signature below with respect to Japanese Yen or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.3, as such amount may be modified from time to time pursuant to the terms hereof.

"Japan Lenders" means such of the Lenders having Commitments to lend in Japanese Yen as set forth on the signature pages hereto.

"Japanese Yen" or "JPY" means the lawful currency of Japan.

"Krona Borrower" has the meaning specified in the preamble.

"Krona Facility" means the revolving loans denominated in Swedish Krona and made available by the Krona Lenders to the Krona-Borrower pursuant to the terms hereof. Loans under the Krona Facility may only be Eurocurrency Advances.

"Krona Facility Commitment" means, for each Krona Lender, the obligation of such Krona Lender to make Loans not exceeding in the principal amount set forth opposite its signature below with respect to Swedish Krona or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.3, as such amount may be modified from time to time pursuant to the terms hereof.

"Krona Lenders" means such of the Lenders having Commitments to lend in SEK as set forth on the signature pages hereto.

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or any Agent, the office, branch, subsidiary or affiliate of such Lender or such Agent with respect to each Agreed Currency listed on Schedule 2 or otherwise selected by such Lender or such Agent pursuant to Section 2.17.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

"Leverage Ratio" means, as of any date of calculation, the quotient of (i) Senior Funded Debt outstanding on such date, over (ii) Adjusted EBITDA calculated for the US-Borrower and its consolidated Subsidiaries for the period of the trailing four consecutive fiscal quarters ending on or most recently ended prior to such date of determination.

"Lien" means any lien (statutory or other), security interest, mortgage, pledge, hypothecation, filed financing statement, assignment, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's loan made pursuant to Article 2 (or any conversion or continuation thereof), including without limitation any Swing Line Loan.

"London Banking Day" means a day (other than a Saturday or a Sunday) on which banks generally are open in London for the conduct of substantially all of their commercial lending activities and on which dealings in the applicable Agreed Currency are carried on in the London interbank market.

"Material Adverse Effect" means with respect to any Person, a material adverse effect on (i) the business, Property, financial condition or results of operations of such Person and its Subsidiaries taken as a whole, (ii) the ability of such Person to perform its obligations under the Documents to which it is a party, or (iii) the validity or enforceability of any of the Documents or the rights or remedies of the Administrative Agent, the Funding Agents or the Lenders thereunder.

"Medical Glassware Sale Charge" means (i) on or before November 30, 2002, an amount equal to \$4,551,000 (which represents a one-time charge taken during the US-Borrower's fiscal quarter ended February 28, 2002 resulting from the sale of its Medical Glassware business), and (ii) after November 30, 2002, an amount equal to \$0

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

"Multiemployer Plan" means a Plan defined in Section 3(37) of ERISA to which the Borrower or any member of the Controlled Group may have any liability.

"Net Amount of Eligible Accounts" means, at any time, the gross amount of Eligible Accounts less sales, excise or similar taxes, and less returns, discounts, claims, credits and allowances of any nature at any time issued, owing,

granted, outstanding, available, reserved for or claimed.

"Net Income" means, with reference to any period, the net income (or loss), after provision of taxes, of the US-Borrower and its Subsidiaries calculated on a consolidated basis for such period taken as a single accounting period but excluding any unrealized losses and gains for such period resulting from mark-to-market of Rate Management Transactions.

"Net Mark-to-Market Exposure" of a Person means, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Rate Management Transactions. "Unrealized losses" means the fair market value of the cost to such Person of replacing such Rate Management Transaction as of the date of determination (assuming the Rate Management Transaction were to be terminated as of that date), and "unrealized profits" means the fair market value of the gain to such Person of replacing such Rate Management Transaction as of the date of determination (assuming such Rate Management Transaction were to be terminated as of that date).

"Non-US Borrower" means each Borrower other than the US-Borrower.

"Non-US Facility" means each Facility other than the US Facility.

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Note" means any promissory note issued at the request of a Lender pursuant to Section 2.13 in the form of Exhibit A, including any amendment, modification, renewal or replacement of such promissory note.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all Facility Letter of Credit Obligations, all accrued and unpaid fees and all unpaid expenses, reimbursements, indemnities and other obligations of each of the Borrowers to the Lenders or to any Lender, any Agent or any indemnified party arising under the Documents.

"Off-Balance Sheet Liability" of a Person means (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any Sale and Leaseback Transaction which is not a Capitalized Lease, (iii) any liability under any so-called "securitization" or "synthetic lease" transaction entered into by such Person, or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheets of such Person (excluding operating leases).

"Other Taxes" is defined in Section 3.5(ii).

"Overnight Foreign Currency Rate" shall mean for any amount payable in a currency other than U.S. Dollars, the rate of interest per annum as determined by the relevant Funding Agent (rounded upwards, if necessary, to the nearest whole multiple of one-hundredth of one percent (1/100 of 1%)) at which overnight or weekend deposits of the appropriate currency (or, if such amount due remains unpaid more than three Business Days, then for such other period of time not longer than six months as the relevant Funding Agent may elect in its absolute discretion) for delivery in immediately available and freely transferable funds would be offered by the relevant Funding Agent to major banks in the interbank market upon request of such major banks for the applicable period as determined above and in an amount comparable to the unpaid principal amount of the related Advance (or, if the relevant Funding Agent is not placing deposits in such currency in the interbank market, then the cost of funds to the relevant Funding Agent, as applicable, in such currency for such period).

"Pacific Rim Loans" means one or more loans from Bank One, NA or its Affiliates to one or more of the US-Borrower's Subsidiaries in Singapore, not exceeding Singapore Dollars 3,400,000 in the aggregate at any one time

outstanding, or such other amounts as agreed to from time to time by Bank One, NA or its Affiliates (with the consent of the Required Lenders) under the respective agreements evidencing such loans.

"Paid Fees" means any facility fees already paid by the Borrowers with respect to periods after the date of this Agreement, if any, under the Prior Multicurrency Agreement, the Prior U.S. Agreement or the Prior Japan Agreements.

"Parent" of an entity means a Person who (alone or together with one or more of its Subsidiaries) owns more than 50% of the outstanding securities or ownership interests having ordinary voting power of the entity at the time, or that controls, directly or indirectly, such entity.

"Participants" is defined in Section 12.2.1.

"Payment Date" means the last Business Day of each month.

"Payment Office" of any Funding Agent shall mean, for each of the Agreed Currencies, the office, branch, affiliate or correspondent bank of such Agent specified as the "Payment Office" for such currency in Schedule 1 hereto or such other office, branch, affiliate or correspondent bank of such Agent as it may from time to time specify to the Borrowers and each Lender as its Payment Office.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Percentage" shall have the meaning ascribed thereto in Section 2.3 hereof.

"Permitted Acquisition" means, at any time of determination, any Acquisition by any Borrower or any of such Borrower's Subsidiaries of a business or entity in substantially the same or related field of enterprise as such Borrower or such Subsidiary with respect to which each of the following requirements is then met:

- (i) Such Acquisition has been approved and recommended by the board of directors of the entity to be acquired.
- (ii) Such Borrower or such Subsidiary shall have given the Administrative Agent notice of such Acquisition within ten (10) days prior to or following the consummation thereof.
- (iii) The aggregate consideration (including, without limitation, the purchase price therefor and any assumption of debt (other than accounts payable and deferred revenue obligations arising in the ordinary course of business)) for such Acquisition plus all other Acquisitions, in each case measured in respect of the US-Borrower and its Subsidiaries, less the amount of cash received by such Borrower or such Subsidiary from the entities being acquired in connection with such Acquisition and all other Acquisitions, does not exceed \$15,000,000 during the US-Borrower's rolling four consecutive trailing fiscal quarters on a consolidated basis.
- (iv) Prior to and after giving effect to such Acquisition, no Default or Unmatured Default shall exist.

"Permitted Lien" means a Lien permitted by Section 6.14.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 302 of ERISA or Section 412 of the Code as to which the US-Borrower or any member of the Controlled Group may have any liability.

"Pricing Schedule" means the Schedule attached hereto identified as such.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced by the Administrative Agent or its Parent from time to time, changing when and as said prime rate changes. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. Bank One or its Parent may make commercial loans or other loans at rates of interest at, above or below the Prime Rate.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Purchasers" is defined in Section 12.3.1.

"Rate Management Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transaction.

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered by the US-Borrower or its Subsidiaries which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Reference Lender" means the relevant Funding Agent applicable to any Advance.

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

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means, at any time, the aggregate of the obligations of the UK-Borrower or US-Borrower, as applicable, to the Issuer and the Lenders in respect of all unreimbursed payments or disbursements made by the Issuer and the Lenders under or in respect of drawings under the Facility Letters of Credit.

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

"Required Lenders" means Lenders in the aggregate having at least $66\frac{2}{3}\%$ of the Dollar Amount of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least $66\frac{2}{3}\%$ of the Dollar Amount of the aggregate unpaid principal amount of the Aggregate Total Outstandings, in respect of all Facilities.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D or analogous regulations of the Bank of England on Eurocurrency liabilities.

"Rollover Notice" is defined in Section 2.7.2.

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

"Sale and Leaseback Transaction" means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Senior Funded Debt" means the sum of all Consolidated Funded Indebtedness (excluding SFAS 133 Charges and SFAS 133 Gains) that is not Subordinated Debt.

"Severance Charge" means (i) on or before May 31, 2003, an amount of up to \$4,000,000 as certified to the Administrative Agent by an Authorized Officer of the US-Borrower (which amount shall represent charges taken by the US-Borrower relating to employee severance packages in accordance with Agreement Accounting Principles), and (ii) after May 31, 2003, an amount equal to \$0.

"SFAS 133 Charges" means recurring charges related to interest rate derivatives, as determined in accordance with Agreement Accounting Principles.

"SFAS 133 Gains" means recurring gains related to interest rate derivatives, as determined in accordance with Agreement Accounting Principles.

"Single Employer Plan" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"Standby Letter of Credit" means any Facility Letter of Credit that is an irrevocable standby Letter of Credit.

"Subordinated Debt" means, with respect to any Borrower, the Debentures and any Indebtedness of such Borrower (a) no part of the principal of which is stated to be payable or is required to be paid (whether by way of mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the Facility Termination Date, and the payment of the principal of and interest on which and other obligations of such Borrower in respect thereof are subordinated to the prior payment in full of principal of and interest (including post-petition interest) on the Notes and all other Obligations and liabilities of such Borrower to any Agent and the Lenders hereunder on terms and conditions first approved in writing by the Required Lenders, and (b) otherwise containing terms, covenants and conditions satisfactory in form and substance to the Required Lenders, as evidenced by their prior written approval thereof.

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

"Substantial Portion" means, with respect to the Property of any Person, Property (except for inventory sold in the ordinary course of business) which (i) represents more than 5% of the consolidated assets of such Person as at the last day of the calendar month ending on or most recently ended prior to the date on which such determination is made, or (ii) is responsible for more than 10% of the consolidated net sales or of the consolidated net income of such Person for the period of twelve complete and consecutive calendar months ending on or most recently ended prior to the date on which such determination is made.

"Swedish Krona" or "SEK" means the lawful currency of Sweden.

"Swing Line Commitment" means \$5,000,000, as such amount may be reduced from time to time in the sole discretion of the Swing Line Lender.

"Swing Line Lender" means Bank One, NA in its capacity as a provider of Swing Line Loans under this Agreement and its successors and assigns in such capacity.

"Swing Line Loan" is defined in Section 2.23.

"Tangible Net Worth" means, as at any date of determination thereof, the consolidated stockholders' equity of the US-Borrower and its Subsidiaries, plus Subordinated Debt and minus the sum of the consolidated Intangible Assets of the US-Borrower and its Subsidiaries, all determined as of such date in accordance with Agreement Accounting Principles. In computing Tangible Net Worth prior to May 31, 2003, the amount of the Severance Charge shall be added back into Tangible Net Worth (but only to the extent the underlying charges relating to employee severance packages have reduced Tangible Net Worth).

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings of whatever nature now or hereafter imposed by any jurisdiction or taxing authority thereof, and all interest, penalties or similar liabilities with respect thereto, but excluding Excluded Taxes.

"TIBOR Advance" means any Advance denominated in Japanese Yen and bearing interest at the TIBOR Rate.

"TIBOR Interest Period" means, with respect to a TIBOR Advance, a period of one, two, three or six months commencing on a Business Day selected by the Japan Borrower, in each case subject to availability. Such TIBOR Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, *provided, however*, that if there is no such numerically corresponding day in such month, such TIBOR Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If a TIBOR Interest Period would otherwise end on a day which is not a Business Day, such TIBOR Interest Period shall end on the next succeeding Business Day, *provided, however*, that if said next succeeding Business Day falls in a new calendar month, such TIBOR Interest Period shall end on the immediately preceding Business Day.

"TIBOR Rate" means the sum of (i) the rate per annum determined by the Japan Agent to be the rate at which it would be able to acquire Yen in the Tokyo interbank market for the applicable TIBOR Interest Period at or about 11 a.m. (Tokyo time) on the second Business Day before the commencement of such TIBOR Interest Period and in amounts comparable with the amounts in relation to which the cost of funds is to be determined; plus (ii) the rate determined by the Japan Agent to represent its costs of compliance with liquidity, reserve or similar requirements imposed by any relevant authority; plus (iii) the Applicable Margin.

"Transferee" is defined in Section 12.4.

"Type" means with respect to any Advance, its nature as a Eurocurrency Advance, BA Rate Advance, Canadian Prime Advance, Floating Rate Advance or TIBOR Advance.

"UK-Borrower" has the meaning specified in the preamble.

"UK Facility" means the revolving loans denominated in British Pounds Sterling and made available by the UK Lenders to the UK-Borrowers pursuant to the terms hereof. Loans under the UK Facility may only be Eurocurrency Advances (together with Letters of Credit to the extent set forth in Article 2).

"UK Facility Commitment" means, for each UK Lender, the obligation of such UK Lender to make Loans not exceeding in the principal amount set forth opposite its signature below with respect to British Pounds Sterling or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.3, as such amount may be modified from time to time pursuant to the terms hereof.

"UK Lenders" shall mean such of the Lenders having Commitments to lend in GBP as set forth on the signature pages hereto.

"Unfunded Liabilities" means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans as if such Plans were terminating on such date under Section 4041 of ERISA.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"US Borrower" has the meaning specified in the preamble.

"US Facility" means the revolving loans denominated in Dollars and made available by the US Lenders to the US -Borrower pursuant to the terms hereof. Loans under the US Facility may be either Eurocurrency Advances or Floating Rate Advances (together with Letters of Credit to the extent set forth in Article 2).

"US Facility Commitment" means, for each US Lender, the obligation of such US Lender to make Loans not exceeding in the principal amount set forth opposite its signature below with respect to Dollars or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.3, as such amount may be modified from time to time pursuant to the terms hereof.

"US Lenders" means such of the Lenders having Commitments to lend in Dollars as set forth on the signature pages hereto.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

The foregoing definitions shall be equally applicable to both the singular and the plural forms of the defined terms.

ARTICLE 2

THE CREDITS

2.1 Commitments; Credit Facilities. Subject to the limitations set forth in the next sentence, from and including the date of this Agreement and prior to the Facility Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make available the Canada Facility, the Euro Facility, the Japan Facility, the

Krona Facility, the UK Facility and the US Facility, to the extent of such Lender's Commitment, to the Canada-Borrowers, the Euro-Borrowers, the Japan Borrower, the Krona-Borrower, the UK-Borrower and the US Borrower, respectively. Each Lender agrees, on the terms and conditions set forth herein and only to the extent such Lender has a Commitment to provide such Agreed Currency under the appropriate Facility, to make Advances to any Borrower in the applicable Agreed Currency from time to time in amounts not to exceed, in respect of such Facility, in the aggregate at any one time outstanding its Commitment in respect of such Facility, provided that (i) the Aggregate Total Outstandings under the Canada Facility shall at no time exceed CAD 21,000,000, (ii) the Aggregate Total Outstandings under the Euro Facility shall at no time exceed EUR 6,000,000, (iii) the Aggregate Total Outstandings under the Japan Facility shall at no time exceed JPY 300,000,000, (iv) the Aggregate Total Outstandings under the Krona Facility shall at no time exceed SEK 64,200,000, (v) the Aggregate Total Outstandings under the UK Facility shall at no time exceed GBP 5,000,000 (vi) the Aggregate Total Outstandings under the US Facility shall at no time exceed \$65,000,000, and (vii) the Aggregate Total Outstandings under all Facilities combined shall at no time exceed the Borrowing Base. Advances under the Canada Facility shall be extended solely by the Canada Lenders to the Canada-Borrowers; Advances under the Euro Facility shall be extended solely by the Euro Lenders to the Euro-Borrowers; Advances under the Japan Facility shall be extended solely by the Japan Lenders to the Japan-Borrower; Advances under the Krona Facility shall be extended solely by the Krona Lenders to the Krona-Borrower; Advances under the UK Facility shall be extended solely by the UK Lenders to the UK-Borrower; and Advances under the US Facility shall be extended solely by the US Lenders to the US-Borrower. Subject to the terms of this Agreement, any Borrower may borrow, repay and reborrow at any time prior to the Facility Termination Date. The Commitments to lend hereunder shall expire on the Facility Termination Date.

2.2 Repayment of Principal. The US-Borrower promises to repay in full the principal amount of all Advances and all other unpaid Obligations with respect to the US Facility hereunder on the Facility Termination Date. Each Non-US Borrower jointly and severally promises to repay in full the principal amount of all Advances and all other unpaid Obligations hereunder with respect to all Non-US Facilities on the Facility Termination Date; *provided* that no Non-US Borrower shall be required to repay any amount with respect to a Facility (other than its own Facility) to the extent prohibited by applicable law. In addition, the US-Borrower and Richardson International, Inc. will each deliver a Guaranty of even date herewith pursuant to which it unconditionally and irrevocably guarantees the punctual, full and prompt payment when due, of all Obligations of all Borrowers under all Facilities.

2.2.1 Mandatory Prepayment. If at any time the Aggregate Total Outstandings under all Facilities combined (calculated as of the most recent Computation Date) exceeds either the Aggregate Commitment or the Borrowing Base, then (A) the US-Borrower shall be obligated to immediately repay Advances under the US Facility, and (B) each Non-US Borrower shall be jointly and severally obligated to immediately repay Advances under all Non-US Facilities, in each case in a principal amount that is, together with any other Borrower's repayment pursuant to this sentence, sufficient to eliminate any such excess; *provided* that no Non-US Borrower shall be required to repay any amount with respect to a Facility (other than its own Facility) to the extent prohibited by applicable law. If at any time (in each case measured as of the most recent Computation Date) (i) the Aggregate Total Outstandings in respect of the Canada Facility exceeds the Aggregate Canada Facility Commitment, (ii) the Aggregate Total Outstandings in respect of the Euro Facility exceed the Aggregate Euro Facility Commitment, (iii) the Aggregate Total Outstandings in respect of the Japan Facility exceed the Aggregate Japan Facility Commitment, (iv) the Aggregate Total Outstandings in respect of the Krona Facility exceed the Aggregate Krona Facility Commitment, (iv) the Aggregate Total Outstandings in respect of the UK Facility exceed the Aggregate UK Facility Commitment, or (vi) the Aggregate Total Outstandings in respect of the US Facility exceed the Aggregate US Facility Commitment, each Borrower that is a party to such affected Facility shall be jointly and severally obligated to repay Advances under the affected Facility in an amount or amounts sufficient to eliminate any such excess. Until such time as an excess in an affected Facility is so eliminated, the Aggregate US Facility Commitment shall be reduced by an amount equal to the Dollar Amount of the excess of such affected Facility.

2.2.2 Voluntary Prepayment. The applicable Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Advances under its respective Facility, or, in a minimum amount of, CAD 1,000,000 or any integral multiple of CAD 100,000 in excess thereof in the case of the Canada Facility, the minimum amount of EUR 1,000,000 or any integral multiples of EUR 100,000 in excess thereof in the case of the Euro Facility, the minimum of JPY 10,000,000 or any integral multiples of JPY 1,000,000 in excess thereof in the case of the Japan Facility, the minimum of SEK 5,000,000 or any integral multiples of SEK 1,000,000 in excess thereof in the case of the Krona Facility, the minimum of GBP 500,000 or any integral multiples of GBP 100,000 in excess thereof in the case of the UK Facility, and the minimum of \$1,000,000 or any integral multiples of \$100,000 in excess thereof in the case of the US Facility (except that prepayments may be made in the minimum amount of \$100,000 or any integral multiples of \$100,000 in excess thereof in the case of a Floating Rate Advance), any portion of the outstanding Advances upon three Business Days' prior notice to the relevant Funding Agent by 10:00 a.m. (local time).

2.3 Ratable Loans. Each Advance hereunder shall consist of Loans made from the several Lenders with a Commitment in respect of such Facility ratably in proportion to the ratio (hereafter referred to as the "Percentage") that (i) their respective Canada Facility Commitment bears to the Aggregate Canada Facility Commitment, (ii) their respective Euro Facility Commitment bears to the Aggregate Euro Facility Commitment, (iii) their respective Japan Facility Commitment bears to the Aggregate Japan Facility Commitment, (iv) their respective Krona Facility Commitment bears to the Aggregate Krona Facility Commitment, (v) their respective UK Facility Commitment bears to the Aggregate UK Facility Commitment and (vi) their respective US Facility Commitment bears to the Aggregate US Facility Commitment.

2.4 Upfront Fee, Facility Fee and Reductions in Aggregate Commitment.

2.4.1 Upfront Fee. For the account of each Lender (including the Administrative Agent), in proportion to the Lender's applicable percentage of the Aggregate Commitment, the US-Borrower shall pay to the Administrative Agent an upfront fee equal to the product of (a) 0.25%, and (b) the Dollar Amount of the Aggregate Commitment. Such fee shall be fully earned in its entirety upon the effectiveness of this Agreement, shall be payable on the date thereof, and shall in no circumstances be refundable to any Borrower.

2.4.2 Facility Fee. For the account of each Lender (including the Administrative Agent) in proportion to the Lender's applicable percentage of the Aggregate Commitment, the US-Borrower shall pay to the Administrative Agent an annual facility fee equal to the product of (a) 0.25%, and (b) the Dollar Amount of the Aggregate Commitment, which facility fee shall be computed on each November 1 prior to the Facility Termination Date. The annual facility fee shall be payable quarterly in four equal installments in arrears beginning on November 30, 2002 and on the last Business Day of each November, February, May and August thereafter prior to the Facility Termination Date with the outstanding unpaid balance of such fee due and payable on the Facility Termination Date. Such facility fee shall in no circumstances be refundable to any Borrower, *provided*, however, that such facility fee shall be prorated for the actual days of any year (commencing November 1) in which a Facility Termination Date occurs solely because of the Borrowers' irrevocable payoff of all Advances on account of a breach by the Lenders of Section 10.12 hereof, the occurrence of a Gross Up Event or the payment in full by Borrowers of all amounts due hereunder on or about September 30, 2005. The Administrative Agent shall compute the amount of such facility fee as of each applicable Computation Date. All accrued facility fees shall be payable in Dollars on the effective date of any termination of the obligations of the Lenders to make Loans hereunder. The Administrative Agent shall pay each Lender its applicable share of the facility fee in Dollars on the same Business Day if received before 11:00 a.m. Chicago time or on the next Business Day if received after 11:00 a.m. Chicago time. All Paid Fees shall be credited against amounts due under this Section 2.4.2.

2.4.3 Reduction of Commitment. Any Borrower may permanently reduce the Commitment in respect of the applicable Facility, in whole, or in part ratably among the Lenders in integral multiples of EUR 1,000,000 in the case of the Euro Facility, CAD 1,000,000 in the case of the Canada Facility, SEK 10,000,000 in the case of the Krona Facility, GBP 1,000,000 in the case of the UK Facility, JPN 10,000,000 in the case of the Japan Facility and \$1,000,000 in the case of the US Facility, upon at least five Business Days' written notice to the relevant Funding Agent, which notice shall specify the amount of any such reduction, *provided, however*, that the amount of the applicable Aggregate Canada Facility Commitment, Aggregate Euro Facility Commitment, Aggregate Japan Facility Commitment, Aggregate Krona Facility Commitment, Aggregate UK Facility Commitment and Aggregate US Facility Commitment, as the case may be in respect of the applicable Facility may not be reduced below the aggregate principal amount of the outstanding Advances in respect of the applicable Facility.

2.5 Minimum Amount of Each Advance. Each Advance shall be in a minimum amount of (i) CAD 1,000,000 and in multiples of CAD 100,000 if in excess thereof in the case of BA Advances under the Canada Facility, (ii) CAD 100,000 and in multiples of CAD 100,000 if in excess thereof in the case of Canadian Prime Advances under the Canada Facility, (iii) EUR 1,000,000 and in multiples of EUR 100,000 if in excess thereof in the case of the Euro Facility, (iv) JPY 1,000,000 and in multiple of JPY 1,000,000 if in excess thereof in the case of the Japan Facility, (v) SEK 10,000,000 and in multiple of SEK 1,000,000 if in excess thereof in the case of the Krona Facility, (vi) GBP 500,000 and in multiples of GBP 100,000 if in excess thereof in the case of the UK Facility, (vii) \$1,000,000 and in multiple of \$100,000 if in excess thereof in the case of Eurocurrency Advances under the the US Facility and (viii) \$300,000 and in multiples of \$100,000 if in excess thereof in the case of Floating Advances under the the US Facility.

2.6 Method of Selecting Types and Interest Periods for New Advances. Each Borrower shall select the Type of Advance, the Interest Period (if applicable) and the Agreed Currency applicable thereto from time to time. Each Borrower shall give the relevant Funding Agent, as the case may be, irrevocable notice, substantially in the form of Exhibit B attached hereto, (a "Borrowing Notice") (i) not later than 10:00 a.m. (London time) at least three Business Days before the Borrowing Date in the case of Eurocurrency Advances requested from the Eurocurrency Agent, (ii) not later than 5:00 p.m. (Toronto time) at least three Business Days before the Borrowing Date in the case of BA Rate Advances requested from the Canada Agent, (iii) not later than 5:00 p.m. (Toronto time) two Business Days before the Borrowing Date in the case of Canadian Prime Advances requested from the Canada Agent, (iv) not later than 11:00 a.m. (Tokyo time) at least three Business Days before the Borrowing Date in the case of TIBOR Advances requested from the Japan Agent, (v) not later than 12:00 noon (Chicago time) at lease three Business Days before the Borrowing Date in the case of Eurocurrency Advances requested from the Adminisitrative Agent and (vi) not later than 10:00 a.m. (Chicago time) on the Borrowing Date in the case of Floating Rate Advances requested from the Adminstrative Agent, specifying:

- (i) the Borrowing Date, which shall be a Business Day, of such Advance,
- (ii) the aggregate amount of such Advance,
- (iii) the Type of Advance; and
- (iv) the Interest Period and Agreed Currency applicable thereto.

2.7 Continuation: Rollover and Conversion of Outstanding Advanceds.

2.7.1 Continuation of Eurocurrency Advances (other than US Facility). The provisions of this Section 2.7.1 shall apply to each Non-US Facility. Each Eurocurrency Advance shall continue as an Advance until the end of the then applicable Interest Period therefor, at which time each such Advance shall automatically continue as an Advance in the same Agreed Currency with an Interest Period of one month unless (x) such Advance is or was repaid in accordance with Section 2.2 or (y) the applicable Borrower shall have given the relevant

Funding Agent a Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Advance continue as an Advance for the same or another Interest Period.

Subject to the terms of Section 2.5, so long as no Default has occurred and is continuing, any applicable Borrower may elect from time to time to continue all or any part of an Eurocurrency Advance denominated in the same Agreed Currency. Any such Borrower shall give the Eurocurrency Agent irrevocable notice, substantially in the form of Exhibit C attached hereto, (a "Continuation Notice") of each continuation of an Advance not later than 10:00 a.m. (London time) at least three Business Days prior to the date of the requested continuation to the Eurocurrency Agent, specifying:

- (i) the requested date, which shall be a Business Day, of such continuation, and
- (ii) the Agreed Currency and amount into which such Advance is to be continued and the duration of the Interest Period applicable thereto.

2.7.2 Continuation: Canada Facility. With respect to each BA Rate Advance which is outstanding, at or before 5:00 p.m. three Business Days before the end of the then applicable Interest Period, any Canada-Borrower shall notify the Canada Agent in form and substance substantially as attached as Exhibit D ("Rollover Notice") either of (i) the next BA Interest Period which such Canada-Borrower has selected as applicable to the BA Rate Advance, which new BA Interest Period shall commence on and include the last day of the prior BA Interest Period, or (ii) the intention of such Canada-Borrower to repay or convert such BA Rate Advance at the end of the relevant BA Interest Period. If such Canada-Borrower fails to select and to notify the Canada Agent of the BA Interest Period applicable to the BA Rate Advance, or its intention to repay or convert, such Canada-Borrower shall be deemed to have converted the BA Rate Advance into a Canadian Prime Advance as of the last day of the applicable BA Interest Period.

2.7.3 Conversion Option: Canada Facility.

(a) Notice for and Conditions of Conversion. Subject to this Agreement, any Canada-Borrower may, during the term of this Agreement, effective on any Business Day, convert, in whole or in part, outstanding Advances into another Type of Advance permitted under the Canada Facility, upon giving to the Canada Agent prior irrevocable notice at or before 5:00 p.m. three Business Days in advance substantially in the form of Exhibit E ("Conversion Notice"), provided that:

- (i) no Default has occurred and is continuing;
- (ii) each conversion into a Canadian Prime Advance shall be for a minimum aggregate amount of CAD100,000;
- (iii) each conversion into a BA Rate Advance shall be for a minimum aggregate amount of CAD1,000,000 and in increments of CAD100,000; and
- (iv) each BA Rate Advance may be converted to another Type of Advance only on the last day of the relevant Interest Period.

(b) Mandatory Conversion. If a Default or Unmatured Default has occurred and is continuing, the applicable Canada-Borrower shall be required to convert its BA Rate Advances to Canadian Prime Advances on the applicable BA Interest Date.

2.7.4 Conversion/Continuation Option: US Facility. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurocurrency Advances. Each

Eurocurrency Advance shall continue as a Eurocurrency Advance until the end of the then applicable Eurocurrency Interest Period therefor, at which time such Eurocurrency Advance shall be automatically converted into a Floating Rate Advance unless the US-Borrower shall have given the Administrative Agent a Continuation/Conversion Notice in the form of Exhibit F attached hereto ("US Continuation Notice") requesting that, at the end of such Eurocurrency Interest Period, such Eurocurrency Advance either continue as a Eurocurrency Advance for the same or another Eurocurrency Interest Period or be converted into a Floating Rate Advance. Subject to the terms of Section 2.5, the US-Borrower may elect from time to time to convert all or any part of an Advance of either Type into the other Type of Advance; *provided* that any conversion of any Eurocurrency Advance shall be made on, and only on, the last day of the Eurocurrency Interest Period applicable thereto. The US-Borrower shall give the Administrative Agent an irrevocable US Continuation Notice of each conversion of an Advance or continuation of a Eurocurrency Advance not later than 12:00 noon (Chicago time) (a) in the case of a conversion into a Floating Rate Advance, at least one Business Day before the date of the requested conversion, and (b) in the case of a conversion into or continuation of a Eurocurrency Advance, at least three Business Days prior to the date of the requested conversion or continuation, specifying:

- (i) the requested date (which shall be a Business Day) of such conversion or continuation;
- (ii) the aggregate amount and Type of Advance(s) which is to be converted or continued; and
- (iii) the amount and Type(s) of Advance(s) into which such Advance is to be converted or continued and, in the case of a conversion into or continuation of a Eurocurrency Advance, the duration of the Eurocurrency Interest Period applicable thereto (which may not end after the Facility Termination Date).

2.7.5 Continuation of TIBOR Advance. With respect to each TIBOR Advance which is outstanding, at or before 11:00 a.m. three Business Days before the end of the then applicable TIBOR Interest Period, the Japan-Borrower shall notify the Japan Agent in form and substance substantially as attached as Exhibit G ("Japan Rollover Notice") either of (i) the next TIBOR Interest Period which such Japan-Borrower has selected as applicable to the TIBOR Advance, which new TIBOR Interest Period shall commence on and include the last day of the prior TIBOR Interest Period, or (ii) the intention of such Japan-Borrower to repay such TIBOR Advance at the end of the relevant TIBOR Interest Period. If such Japan-Borrower fails to select and to notify the Japan Agent of the TIBOR Interest Period applicable to the TIBOR Advance, or of its intention to repay such TIBOR Advance, the Japan-Borrower shall be deemed to have selected a new Interest Period of one month for such Advance.

2.7.6 Effect of a Default. Notwithstanding the foregoing, no conversions or continuations of conversions of any Advance shall be permitted during the continuance of a Default or Unmatured Default.

2.8 Method Of Borrowing. On each Borrowing Date, each Lender shall make available its Loan or Loans, if any, not later than noon, local time, in the city of the relevant Funding Agent's Payment Office for such currency, in such funds as may then be customary for the settlement of international transactions in such currency in the city of and at the address of such Funding Agent's Payment Office for such currency. Unless such Funding Agent determines that any applicable condition specified in Article 4 has not been satisfied, such Funding Agent will make the funds so received from the Lenders available to the Borrowers at such Funding Agent's aforesaid address. Notwithstanding the foregoing provisions of this Section 2.8, to the extent that a Loan made by a Lender matures on the Borrowing Date of a requested Loan, such Lender shall apply the proceeds of the Loan it is then making to the repayment of principal of the maturing Loan.

2.9 Changes in Interest Rate, etc. Each Eurocurrency Advance, TIBOR Advance and BA Rate Advance shall bear interest at, respectively, the Eurocurrency Rate, the TIBOR Rate and the BA Rate, in each case on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not

including) the last day of such Interest Period at the interest rate determined by the relevant Funding Agent as applicable to such Advance based upon each Borrower's selections under Sections 2.6 and 2.7 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date. Each Canadian Prime Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Canadian Prime Advance is made or is converted from a BA Rate Advance into a Canadian Prime Advance pursuant to Section 2.7.3 to but excluding the date it becomes due or is converted into a BA Rate Advance pursuant to Section 2.7.3 at a rate per annum equal to the Canadian Prime Rate for such day. Changes in the rate of interest on that portion of any Advances maintained as a Canadian Prime Advance will take effect simultaneously with each change in such applicable rate. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Floating Rate Advance is made or is converted from a Eurocurrency Advance into a Floating Rate Advance pursuant to Section 2.7.4 to but excluding the date it becomes due or is converted into a Eurocurrency Advance pursuant to Section 2.7.4 at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advances maintained as a Canadian Prime Advance or Floating Rate Advance will take effect simultaneously with each change in such applicable rate. Each Eurocurrency Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Eurocurrency Interest Period applicable thereto to (but not including) the last day of such Eurocurrency Interest Period at the Eurocurrency Rate determined as applicable to such Eurocurrency Advance.

2.10 Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.6 or 2.7, during the continuance of a Default or Unmatured Default the Administrative Agent, acting at the direction of the Required Lenders may, at its option, by notice to all the Borrowers (which notice may be revoked at the option of the Administrative Agent, acting at the direction of the Required Lenders notwithstanding any provision of Section 8.3 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as an Advance. During the continuance of a Default the Administrative Agent, acting at the direction of the Required Lenders may, at their option, by notice to all the Borrowers (which notice may be revoked at the option of the Administrative Agent, acting at the direction of the Required Lenders notwithstanding any provision of Section 8.3 requiring unanimous consent of the Lenders to changes in interest rates):

(i) declare that each Eurocurrency Advance, TIBOR Advance and BA Rate Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum; *provided* that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth above shall be applicable to such Advances without any election or action on the part of the Administrative Agent or any Lender.. In any such event, (A) the outstanding Eurocurrency Advances under the US Facility will automatically convert into Floating Rate Advances in accordance with the terms of Section 2.7.4 and shall bear interest at the rate otherwise applicable thereto after giving effect to such conversion plus 2% per annum, and (B) the outstanding BA Rate Advances will automatically convert into Canadian Prime Advances in accordance with the terms of Section 2.7.3 and shall bear interest at the rate otherwise applicable thereto after giving effect to such conversion plus 2% per annum, and

(ii) declare that each Canadian Prime Advance and Floating Rate Advance shall bear interest at the rate otherwise applicable to such Advance plus 2% per annum; *provided* that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth above shall be applicable to all Advances without any election or action on the part of the Administrative Agent or any Lender.

2.11 Method Of Payment.

(i) Each Advance shall be repaid and each payment of interest thereon shall be paid in the currency in which such Advance was made. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the relevant Funding Agent at (except as set forth in the next sentence) such Funding Agent's address specified pursuant to Article 13, or at any other Lending Installation of such Funding Agent specified in writing by such Funding Agent to all of the Borrowers, by

noon (local time) on the date when due and shall be applied ratably by the relevant Funding Agent among the Lenders. All payments to be made by any Borrower hereunder shall be made in such currency on the date due in such funds as may then be customary for the settlement of international transactions in such currency for the account of the relevant Funding Agent, at its Payment Office for such currency and shall be applied ratably by such Funding Agent among the applicable Lenders. Each payment delivered to the relevant Funding Agent for the account of any Lender shall be delivered promptly by such Funding Agent to such Lender in the same type of funds that such Funding Agent received, in the funds received from such Borrower at the address of such Funding Agent's Payment Office for such currency. Such Funding Agent is hereby authorized to charge any account of such Borrower maintained with such Funding Agent or any of its Affiliates for each payment of principal, interest and fees as it becomes due hereunder.

(ii) Notwithstanding the foregoing provisions of this Section, if, after the making of any Advance, currency control or exchange regulations are imposed in the country which issues such currency with the result that the type of currency in which the Advance was made (the "Original Currency") no longer exists or a Borrower is not able to make payment to the relevant Funding Agent for the account of the Lenders in such Original Currency, then all payments to be made by such Borrower hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that such Borrower take all risks of the imposition of any such currency control or exchange regulations.

2.12 [Intentionally omitted]

2.13 Noteless Agreement, Evidence of Indebtedness.

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

(ii) Each Funding Agent shall maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Facility, the Type of Advance, the Agreed Currency thereof and the Interest Period with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (c) the amount of any sum received by each Funding Agent hereunder from each Borrower and each Lender's share thereof

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

(iv) Any Lender may request that its Loans be evidenced by a promissory note (a "Note"). In such event, each Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender in a form supplied by the relevant Funding Agent. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 12.3, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (i) and (ii) above.

2.14 Telephonic Notices. Each Borrower hereby authorizes the Lenders and the Funding Agents to extend, convert or continue Advances, effect selections of Agreed Currencies and Types of Advances and to transfer funds based on telephonic notices made by any Authorized Officer or Authorized Officers, the relevant Agent or any Lender in good

faith believes to be acting on behalf of each such Borrower. Each Borrower agrees to deliver promptly to the relevant Funding Agent a written confirmation, if such confirmation is requested by such Funding Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by such Funding Agent and the Lenders, the records of such Funding Agent and the Lenders shall govern absent manifest error.

2.15 Interest Payment Dates, Interest and Fee Basis. Except for Floating Rate Advances under the US Facility and Canadian Prime Advances under the Canada Facility, interest accrued on each Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest and facility fees shall be calculated for actual days elapsed on the basis of a 360-day year; *provided* that in the case of Canadian Prime Advances interest shall be calculated for actual days elapsed on the basis of a 364-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of or inte