

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 for the quarter ended July 31, 1995. OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 for the transition from _____ to _____.

Commission file number: 1-9494

TIFFANY & CO.

(Exact name of registrant as specified in its charter)

Delaware 13-3228013
(State of incorporation) (I.R.S. Employer Ident. No.)

727 Fifth Ave. New York, NY 10022
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 755-8000

Former name, former address and former fiscal year, if changed since last
report _____.

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

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares
outstanding of each of the issuer's classes of common stock as of the latest
practicable date: Common Stock, \$.01 par value, 15,746,297 shares outstanding
at the close of business on July 31, 1995.

TIFFANY & CO. AND SUBSIDIARIES

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FOR THE QUARTER ENDED JULY 31, 1995

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(a) Exhibits

(b) Reports on Form 8-K

CAPTION

PART I. FINANCIAL INFORMATION
 ITEM I. FINANCIAL STATEMENTS

TIFFANY & CO. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (in thousands, except per share amounts)

	July 31, 1995 (Unaudited)	January 31, 1995*
ASSETS		
Current assets:		
Cash and short-term investments	\$ 30,655	\$ 44,318
Accounts receivable, less allowances of \$5,246 and \$5,721	53,416	61,622
Income tax receivable	0	7,925
Inventories	299,698	270,075
Prepaid expenses	23,492	17,868
	-----	-----
Total current assets	407,261	401,808
Property and equipment, net	111,894	103,478
Deferred income taxes	14,763	14,094
Other assets, net	30,036	31,992
	-----	-----
	\$563,954	\$551,372
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	\$ 55,995	\$ 60,696
Accounts payable and accrued liabilities	87,404	81,640
Income taxes payable	7,519	13,607
Merchandise and other customer credits	9,032	8,529
	-----	-----
Total current liabilities	159,950	164,472
Long-term trade payable	31,103	27,591
Reserve for product return	13,053	13,103
Long-term debt	101,500	101,500
Deferred income taxes	2,482	3,298
Postretirement/employment benefit obligation	17,457	16,581
Other long-term liabilities	3,369	3,130
Commitments and contingencies		
Stockholders' equity:		
Common Stock, \$.01 par value; authorized 30,000 shares, issued 15,746 and 15,703	157	157
Additional paid-in capital	72,955	71,821
Retained earnings	156,297	151,032
Foreign currency translation adjustments	5,631	(1,313)
	-----	-----
Total stockholders' equity	235,040	221,697
	-----	-----
	\$563,954	\$551,372
	=====	=====

* Reclassified for comparative purposes

See notes to consolidated financial statements

CAPTION

TIFFANY & CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(in thousands, except per share amounts)

	1995	For The Three Months Ended July 31, 1994	1995	For The Six Months Ended July 31, 1994
Net sales	\$184,682	\$152,257	\$334,826	\$283,464
Cost of goods sold	88,264	73,336	161,045	137,344
	-----	-----	-----	-----
Gross profit	96,418	78,921	173,781	146,120
Selling, general and administrative expenses	83,489	69,520	153,761	130,303
Provision for uncollectible accounts	362	383	696	686
	-----	-----	-----	-----
Income from operations	12,567	9,018	19,324	15,131
Other expenses, net	3,222	2,955	6,183	5,771
	-----	-----	-----	-----
Income before income taxes	9,345	6,063	13,141	9,360
Provision for income taxes	4,037	2,613	5,673	4,034
	-----	-----	-----	-----
Net income	<u>\$ 5,308</u>	<u>\$ 3,450</u>	<u>\$ 7,468</u>	<u>\$ 5,326</u>
Net income per share:				
Primary	<u>\$ 0.33</u>	<u>\$ 0.22</u>	<u>\$ 0.47</u>	<u>\$ 0.34</u>
Fully diluted	<u>\$ 0.33</u>	<u>\$ 0.22</u>	<u>\$ 0.47</u>	<u>\$ 0.34</u>
Weighted average number of common shares:				
Primary	15,962	15,895	15,912	15,845
Fully diluted	16,939	16,817	16,927	16,811

See notes to consolidated financial statements.

TIFFANY & CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Total Stockholders' Equity	Common Shares	Stock Amount	Additional Paid-In Capital	Retained Earnings	Foreign Currency Translation Adjustments
	-----	-----	-----	-----	-----	-----
BALANCES, January 31, 1995	\$221,697	15,703	\$157	\$71,821	\$151,032	\$(1,313)
Issuance of Common Stock	598	19	-	598	-	-
Exercise of stock options	231	15	-	231	-	-
Tax benefit from exercise of stock options	107	-	-	107	-	-
Cash dividends on Common Stock	(1,101)	-	-	-	(1,101)	-
Foreign currency translation adjustments	7,893	-	-	-	-	7,893
Net income	2,160	-	-	-	2,160	-
	-----	-----	-----	-----	-----	-----
BALANCES, April 30, 1995	231,585	15,737	157	72,757	152,091	6,580
	=====	=====	=====	=====	=====	=====
Exercise of stock options	113	9	-	113	-	-
Tax benefit from exercise of stock options	85	-	-	85	-	-
Cash dividends on Common Stock	(1,102)	-	-	-	(1,102)	-
Foreign currency translation adjustments	(949)	-	-	-	-	(949)
Net income	5,308	-	-	-	5,308	-
	-----	-----	-----	-----	-----	-----
BALANCES, July 31, 1995	\$235,040	15,746	\$157	\$72,955	\$156,297	\$ 5,631
	=====	=====	=====	=====	=====	=====

See notes to consolidated financial statements

CAPTION

TIFFANY & CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	For the Six Months Ended July 31, 1995	1994*
	-----	-----
Cash Flows From Operating Activities:		
Net income	\$ 7,468	\$ 5,326
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	9,037	7,467
Provision for uncollectible accounts	696	686
Reduction in reserve for product return	(50)	(343)
Provision for inventories	1,310	1,412
Deferred income taxes	(1,613)	(489)
Income tax receivable	7,925	(1,340)
Loss on sale of fixed assets	609	-
Provision for postretirement/employment benefits	876	1,502
(Increase)/decrease in assets and increase/ (decrease) in liabilities		
Accounts receivable	10,198	10,065
Inventories	(16,610)	(19,492)
Prepaid expenses	(4,999)	(2,442)
Other assets, net	1,354	(3,595)
Accounts payable	5,213	(8,998)
Accrued liabilities	(563)	1,177
Income taxes payable	(6,620)	(2,918)
Merchandise and other customer credits	503	154
Other long-term liabilities	229	23
	-----	-----
Net cash provided by/(used in) operating activities	14,963	(11,805)
	-----	-----
Cash Flows From Investing Activities:		
Capital expenditures	(15,903)	(6,626)
Proceeds from sale of fixed assets	82	-
Other	-	(133)
	-----	-----
Net cash used in investing activities	(15,821)	(6,759)
	-----	-----
Cash Flows From Financing Activities:		
(Decrease)/increase in short-term borrowings	(11,736)	22,877
Issuance of Common Stock	598	-
Proceeds from exercise of stock options	344	390
Tax benefit from exercise of stock options	192	116
Cash dividends on Common Stock	(2,203)	(2,194)
	-----	-----
Net cash (used in)/provided by financing activities	(12,805)	21,189
	-----	-----
Net (decrease)/increase in cash and short-term investments	(13,663)	2,625
Cash and short-term investments at beginning of year	44,318	4,994
	-----	-----
Cash and short-term investments at end of six months	\$ 30,655	\$ 7,619
	=====	=====

Supplemental Disclosure Of Cash Flow Information:
Cash paid during the six months for:

Interest expense	\$ 6,365	\$ 7,006
	=====	=====
Income taxes (Net of \$7,925 Federal income tax refund)	\$ 5,678	\$ 8,551
	=====	=====

*Reclassified for comparative purposes

See notes to consolidated financial statements

TIFFANY & CO. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (Unaudited)

1. CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements include the accounts of Tiffany & Co. and all majority-owned domestic and foreign subsidiaries (the "Company"). All material intercompany balances and transactions have been eliminated. The statements are without audit and, in the opinion of management, include all adjustments (which include only normal recurring adjustments except for the adjustment necessary as a result of the LIFO method of inventory valuation, which is based on assumptions as to inflation rates and projected fiscal year-end inventory levels) necessary to present fairly the Company's financial position as of July 31, 1995 and the results of operations and cash flows for the interim periods presented. The audited financial statements for January 31, 1995 are presented without accompanying footnotes which are included in the Company's Form 10-K filing.

Since the Company's business is seasonal, with a higher proportion of sales and income generated in the last quarter of the fiscal year, the results of operations for the three and six months ended July 31, 1995 and 1994 are not necessarily indicative of the results of the entire fiscal year.

2. INVENTORIES

Inventories at July 31, 1995 and January 31, 1995 are summarized as follows:

	July 31, 1995	January 31, 1995
	(in thousands)	
	-----	-----
Finished goods	\$247,910	\$227,412
Raw materials	48,509	38,262
Work in process	6,482	6,869
	-----	-----
Reserves	302,901 (3,203)	272,543 (2,468)
	-----	-----
	\$299,698	\$270,075
	=====	=====

At July 31, and January 31, 1995, \$205,829,000 and \$189,943,000, respectively, of inventories were valued using the LIFO method. The excess of such inventories valued at replacement cost over the value based upon the LIFO method was approximately \$11,070,000 and \$9,770,000 at July 31, 1995 and January 31, 1995, respectively. The LIFO valuation method had the effect of decreasing net income by \$0.01 per share, for the three month periods ended July 31, 1995 and 1994, respectively. The LIFO valuation method had the effect of decreasing net income by \$0.05 per share for the six month periods ended July 31, 1995 and 1994, respectively.

3. REVOLVING CREDIT FACILITY

In June 1995, the Company entered into an agreement for a new five-year \$130,000,000 multicurrency revolving credit facility which replaced a \$100,000,000 revolving credit facility and yen 2,500,000,000 (\$28,275,000) non-collateralized line of credit, both of which expired in July 1995. The new syndicated facility entitles the Company to borrow up to \$25,000,000 on a pro-rata, non-collateralized basis from each of four banks and up to \$30,000,000 from the agent bank at interest rates based upon a prime rate or reserve adjusted LIBOR.

4. EARNINGS PER SHARE

Primary earnings per common share data has been computed by dividing net income by the weighted average number of shares outstanding during the period, including dilutive stock options. Fully diluted earnings per common share has been computed by dividing net income, after giving effect to the elimination of interest expense and bond amortization fees, net of income tax effect, applicable to the convertible subordinated debentures, by the weighted average number of shares outstanding including dilutive stock options and the assumed conversion of the subordinated debentures using the "if converted" method.

5. SUBSEQUENT EVENT

On August 21, 1995, Tiffany's Board of Directors declared a quarterly dividend of \$0.07 per common share. This dividend will be paid on October 10, 1995 to stockholders of record on September 20, 1995.

PART I. FINANCIAL INFORMATION
 Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
 FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The Company operates three channels of distribution: U.S. Retail includes retail sales in Company-operated stores in the U.S. and wholesale sales to independent retailers in North America; Direct Marketing includes corporate (business-to-business) and catalog sales; and International Retail includes retail sales through Company-operated stores and boutiques, corporate sales, and wholesale sales to independent retailers and distributors in Asia-Pacific, Europe, Canada and the Middle East.

Net sales increased 21% in the three months (second quarter) ended July 31, 1995 and rose 18% in the six months (first half) ended July 31, 1995. Sales by channel of distribution were as follows:

(in thousands)	Three months ended July 31,		Six months ended July 31,	
	1995	1994	1995	1994
U.S. Retail	\$ 82,140	\$ 67,794	\$143,909	\$125,018
Direct Marketing	20,357	20,681	39,120	39,488
International Retail	82,185	63,782	151,797	118,958
	-----	-----	-----	-----
	\$184,682	\$152,257	\$334,826	\$283,464
	=====	=====	=====	=====

U.S. Retail sales increased 21% in the second quarter and 15% in the first half. Comparable store sales rose 15% in the second quarter and 12% in the first half. New York retail sales increased 13% and 10% in the second quarter and first half, while comparable branch store sales rose 17% and 14% in the second quarter and first half. The sales increases resulted largely from a greater number of retail transactions, primarily by local-resident customers and, to a lesser extent, purchases by foreign tourists. Strong performances by the Company's newer U.S. stores in Oak Brook, Maui and White Plains contributed to the overall U.S. Retail sales increase.

Direct Marketing sales declined 2% in the second quarter and 1% in the first half. Increased catalog circulation and a higher number of orders contributed to catalog sales increases of 16% in the second quarter and 14% in the first half. However, corporate division sales declined 11% in the second quarter and 8% in the first half, reflecting continued cautious spending by the corporate division's customers.

International Retail sales increased 29% and 28% in the second quarter and first half. The increases resulted from comparable store sales increases in Japan (the Company's largest international market) of 11% in yen in both the second quarter and first half, sales growth in other Asia-Pacific markets and Europe, and the translation effect of a weak U.S. dollar on sales made in foreign currencies, especially in Japanese yen. Management believes the Company's results in Japan have benefitted from merchandising and marketing initiatives, as well as from favorable consumer response to price reductions made in Japan in October 1993 and June 1994.

The Company's reported sales and earnings results benefit from a strengthening Japanese yen and are adversely affected by a strengthening U.S. dollar. The Company maintains a foreign currency hedging program for merchandise purchase transactions initiated from Japan in order to reduce the potential negative impact on the Company's financial results of a significant strengthening of the U.S. dollar against the yen. The Company's pretax expense related to its hedging program was \$238,000 in 1995's second quarter and \$490,000 in the first half, compared with \$182,000 and \$366,000 in the respective 1994 periods.

Gross margin (gross profit as a percentage of net sales) of 52.2% in the second quarter and 51.9% in the first half compared with 51.8% and 51.5% in the comparable 1994 periods. The increases were primarily attributable to favorable shifts in sales mix toward the Company's retail businesses, particularly Japan, that achieve gross margins above the Company's average.

Operating expenses (selling, general and administrative expenses and the provision for uncollectible accounts) increased 20% in the second quarter and 18% in the first half over the corresponding 1994 periods. The increases were largely due to: incremental occupancy, staffing and marketing expenses related to the Company's worldwide expansion program; the weakened U.S. dollar and its effect on the translation of overseas operating expenses into U.S. dollars; and sales-related variable expenses (including selling fees paid to department stores in Japan). As a percentage of net sales, the operating expense ratio in the second quarter improved to 45.4% in 1995 versus 45.9% in 1994, and improved in 1995's first half to 46.1% compared with 46.2% in the corresponding 1994 period.

The above factors led to net income increasing 54% to \$5,308,000, or \$0.33 per share, in the second quarter and increasing 40% to \$7,468,000, or \$0.47 per share, in the first half.

FINANCIAL CONDITION

Management believes that the Company's financial condition at July 31, 1995 provides sufficient liquidity and resources to support current business activity and planned expansion.

Working capital and the current ratio were \$247,311,000 and 2.5:1 at July 31, 1995 compared with \$237,336,000 and 2.4:1 at January 31, 1995. Inventories (which represent the largest component of working capital) at July 31, 1995 were 11% higher than at January 31, 1995. A significant portion of the increase was due to the weakened U.S. dollar and its effect on the translation of overseas inventories into U.S. dollars and, to a lesser extent, to merchandise purchases to support sales growth, new stores and expanded product offerings. Inventory turnover was 1.0 times at July 31, 1995 and 0.9 times at January 31, 1995. The Company's objective is to continue to improve inventory performance through: refinement of replenishment systems; merchandising management's focus on the specialized disciplines of product development, assortment planning and inventory management; improving the presentation and management of display inventories in each store; and assortment editing by product category.

Capital expenditures were \$15,903,000 in 1995's first half, compared with \$6,626,000 in 1994's first half. The increase was related to the opening and/or renovation of retail stores, as well as relocations and/or renovations of certain administrative and manufacturing facilities. Based on current expansion plans, the Company expects capital expenditures in fiscal 1995 will be approximately \$30,000,000, compared with \$18,977,000 in fiscal 1994.

The Company incurred a net cash inflow from operating activities of \$14,963,000 in the first half of 1995, compared with an outflow of \$11,805,000 in 1994's first half. Net-debt (short-term borrowings and long-term debt, less cash and short-term investments) and the ratio of net-debt to total capital (net-debt and stockholders' equity) was \$126,840,000 and 35% at July 31, 1995 compared with \$117,878,000 and 35% at January 31, 1995. In addition, the Company had a long-term trade payable of yen 2,750,000,000 (\$31,103,000) at July 31, 1995 and yen 2,750,000,000 (\$27,591,000) at January 31, 1995 which relates to certain merchandise repurchased in 1993 as part of the Company's realignment of its Japan business and is payable to Mitsukoshi Ltd. on February 28, 1998. It is management's goal, on an annual basis, to improve inventory turnover and generate excess cash flow to reduce the ratio of net-debt to total capital.

The Company's sources of working capital are internally generated cash flow and funds available under a five-year, \$130,000,000 multicurrency revolving credit facility established in June 1995 to replace a \$100,000,000 revolving credit facility and a yen 2,500,000,000 (\$28,275,000) non-collateralized line of credit. Management anticipates that internally generated funds and funds available under the new facility will be sufficient to support the Company's planned worldwide business expansion, as well as seasonal working capital increases typically required during the third and fourth quarters of each year.

In August 1995, the Company entered into a lease agreement for a 270,000 square foot distribution, office and manufacturing facility which will consolidate its existing New Jersey facilities. Under the terms of the agreement, the Company's operating lease commitment will approximate \$3,700,000 annually over a 12-year period expected to begin in late 1996.

The Company's business is seasonal in nature, with the fourth quarter typically representing a proportionally greater percentage of annual sales, income from operations, net income and cash flow. Management expects such seasonality to continue in the future.

PART II. OTHER INFORMATION

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

At Registrant's Annual Meeting of Stockholders held on May 18, 1995 each of the nominees listed below was elected a director of Registrant to hold office until the next annual meeting of the stockholders and until his or her respective successor has been elected and qualified. Tabulated with the name of each of the nominees elected is the number of Common shares cast for each nominee and the number of Common shares withholding authority to vote for each nominee. There were no broker non-votes or abstentions with respect to the election of directors.

Nominee	Voted For	Withholding Authority
William R. Chaney	14,684,332	37,659
Jane Dudley	14,674,076	47,915
Samuel L. Hayes III	14,675,028	46,963
Michael J. Kowalski	14,685,669	36,322
Charles K. Marquis	14,685,361	36,630
James E. Quinn	14,685,649	36,642
Yoshiaki Sakakura	14,508,887	213,104
William A. Shutzer	14,685,126	36,856
Geraldine Stutz	14,674,849	47,142

At such meeting, the stockholders approved the appointment of Coopers & Lybrand L.L.P. as independent auditors of the Company's fiscal 1995 financial statements. With respect to such appointment, 14,700,862 shares were voted to approve, 16,066 shares were voted against, and 5,063 shares abstained from voting. There were no broker non-votes with respect to the approval of the appointment of Coopers & Lybrand L.L.P.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 10.116 Credit Agreement dated as of June 26, 1995 by and among Tiffany & Co., Tiffany and Company, Tiffany & Co. International, The Bank of New York, as Issuing Bank and as Swing Line Lender, The Bank of New York, as Arranging Agent and The Bank of New York as Administrative Agent.
- 10.117 Lease Agreement dated as of August 1, 1995 by and among Fidelity Bank, National Association, not in its individual capacity, but solely as the trustee under that certain Trust Agreement 1995-1 dated as of July 1, 1995, as Owner-Lessor and Tiffany and Company, a New York corporation, as Lessee.

10.118 Construction Agency Agreement dated as of August 1, 1995 by and between Tiffany and Company, a New York corporation and First Fidelity Bank, National Association, a national banking association, not in its individual capacity but solely as trustee pursuant to a Trust Agreement 1995-1 dated as of July 1, 1995, for design and construction of improvements on certain land in Parsippany, New Jersey.

11 Statement re Computation of Per Share Earnings.

(b) Reports on Form 8-K

NONE

SIGNATURES

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

TIFFANY & CO.
(Registrant)

Date: September 13, 1995

By: /s/ James N. Fernandez
James N. Fernandez
Senior Vice President - Finance
and Chief Financial Officer
(principal financial officer)

EXHIBIT INDEX

Exhibit
Number

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- 11 Statement re Computation of Per Share Earnings.

CAPTION

Item 6.
EXHIBIT 11

TIFFANY & CO. AND SUBSIDIARIES
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
(Unaudited)
(in thousands, except per share data)

	For The Three Months Ended July 31, 1995	For The Three Months Ended July 31, 1994	For The Six Months Ended July 31, 1995	For The Six Months Ended July 31, 1994
	-----	-----	-----	-----
PRIMARY EARNINGS PER SHARE:				
Net income on which primary earnings per share are based	\$ 5,308 =====	\$ 3,450 =====	\$ 7,468 =====	\$ 5,326 =====
Weighted average number of common shares	15,752	15,674	15,740	15,669
Add:				
Weighted average effect of the exercise of stock options	210 -----	221 -----	172 -----	176 -----
Weighted average number of shares on which primary earnings are based	15,962 =====	15,895 =====	15,912 =====	15,845 =====
Primary net income per common share	\$ 0.33 =====	\$ 0.22 =====	\$ 0.47 =====	\$ 0.34 =====
FULLY DILUTED EARNINGS PER SHARE:				
Net income on which primary earnings per share are based	\$ 5,308	\$ 3,450	\$ 7,468	\$ 5,326
Add:				
Interest and fees on convertible subordinated debt, net of applicable income taxes	428 -----	494 -----	870 -----	988 -----
Net income on which fully diluted earnings per share are based	\$ 5,736 =====	\$ 3,944 =====	\$ 8,338 =====	\$ 6,314 =====
Weighted average number of common shares used in calculating fully diluted earnings per share	16,046	15,924	16,034	15,918
Add:				
Shares assumed upon conversion of convertible debt, using the "if converted" method	893 -----	893 -----	893 -----	893 -----
Weighted average number of shares used in calculating fully diluted earnings per share	16,939 =====	16,817 =====	16,927 =====	16,811 =====
Fully diluted net income per common share	\$ 0.33 =====	\$ 0.22 =====	\$ 0.47 =====	\$ 0.34 =====

NOTE: In anticipation of the 6 3/8% Convertible Subordinated Debenture's dilutive effect in the fourth quarter, fully diluted earnings per share reflects the weighted average number of common shares outstanding under the "if converted" method which assumes conversion as of the bond issuance date of the Debentures. The "if converted" method resulted in fully diluted earnings per share equal to primary earnings per share for the three and six months ended July 31, 1995 and 1994.

CREDIT AGREEMENT

by and among

TIFFANY & CO.,

TIFFANY AND COMPANY,
TIFFANY & CO. INTERNATIONAL,
THE SUBSIDIARY BORROWERS PARTY HERETO,

THE LENDERS PARTY HERETO,

THE BANK OF NEW YORK,
as Issuing Bank and as Swing Line Lender,

THE BANK OF NEW YORK,
as Arranging Agent,

and

THE BANK OF NEW YORK,
as Administrative Agent

\$130,000,000

Dated as of June 26, 1995

Credit Agreement, dated as of June 26, 1995, by and among Tiffany & Co., a Delaware corporation (the "Parent"), Tiffany and Company, a New York corporation ("Tiffany"), Tiffany & Co. International, a Delaware corporation ("Tiffany International"), each Subsidiary Borrower which is a signatory hereto or becomes a party hereto pursuant to the provisions of Section 2.23, the Lenders party hereto, The Bank of New York ("BNY"), as Issuing Bank and as Swing Line Lender, BNY, as Arranging Agent (in such capacity, the "Arranging Agent") and BNY, as Administrative Agent (in such capacity, the "Administrative Agent").

A. Definitions

When used herein, each of the following terms shall have the meaning ascribed thereto unless the context hereof otherwise specifically requires:

"ABR Advances": the Loans (or any portions thereof) at such time as they (or such portions) are made and/or being maintained at a rate of interest based upon the Alternate Base Rate; each an "ABR Advance".

"Accountants": Coopers & Lybrand, or such other firm of independent certified public accountants of recognized national standing as shall be selected by the Parent and reasonably satisfactory to the Administrative Agent.

"Accumulated Funding Deficiency": as defined in Section 302 of ERISA.

"Acquisition": with respect to any Person, the purchase or other acquisition by such Person, by any means whatsoever (including by devise, bequest, gift, through a dividend or otherwise), of (a) Stock of, or other equity securities of, any other Person if, immediately thereafter, such other Person would be either a consolidated subsidiary of such Person or otherwise under the control of such Person, (b) any business, going concern or division or segment thereof, or (c) the Property of any other Person other than in the ordinary course of business, provided, however, that no acquisition of substantially all of the assets, or any division or segment, of such other Person shall be deemed to be in the ordinary course of business.

"Advance": an ABR Advance, a Eurodollar Advance, a Core Currency Euro Advance or a Swing Line Negotiated Rate Advance, as the case may be.

"Adverse Tax Position": as defined in Section 2.13(g).

"Affiliate": with respect to any Person at any time and from time to time, any other Person (other than a consolidated subsidiary of such Person) which, at such time (a) controls such Person, or (b) is under common control with such Person. The term "control", as used in this definition with respect to any Person, means the power, whether direct, or indirect through one or more intermediaries, to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise.

"Aggregate Commitments": on any date, the sum of all Commitments on such date.

"Aggregate Credit Exposure": as of any date of determination, the sum of (i) the outstanding principal amount (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Loan) of the Loans of all Lenders plus (ii) an amount equal to the Letter of Credit Exposure.

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

"Alternate Base Rate": on any date, a rate of interest per annum equal to the higher of (i) the Federal Funds Rate in effect on such date plus 1/2 of 1% or (ii) the BNY Rate in effect on such date.

"Alternate Currency": any Core Currency (other than Dollars) or Non-Core Currency.

"Alternate Currency Bid Loan": each Bid Loan denominated in an Alternate Currency.

"Alternate Currency Equivalent": with respect to any Alternate Currency, on any date of determination thereof, the amount of such Alternate Currency which could be purchased with the amount of Dollars involved in such computation at the spot rate at which such Alternate Currency may be exchanged into Dollars as set forth on such date on (i) Reuters pages MGTY, MGTX, SCNY or BNMX or (ii) Dow Jones Telerate pages 262, 264, 265, 266 or 9993 (or any successor pages) or, if such rate does not appear on such pages, at the spot exchange rate therefor as determined by the Administrative Agent as of 11:00 A.M. (London time) on such date of determination thereof for delivery (x) in the case of an exchange of Canadian Dollars into Dollars, one Business Day later and (y) in all other cases, two Business Days later. In the event that, on any date of determination, a spot rate for an individual Alternate Currency appears on both a page of Reuters set forth above and a page of Dow Jones Telerate set forth above, the Alternate Currency Equivalent of such Alternate Currency shall be the arithmetic mean of such spot rates.

"Alternate Currency Loan": any Alternate Currency Revolving Loan, Alternate Currency Bid Loan, Alternate Currency Negotiated Rate Loan, Alternate Currency Swing Line Loan or Individual Currency Loan.

"Alternate Currency Negotiated Rate Loan": each Negotiated Rate Loan denominated in an Alternate Currency.

"Alternate Currency Revolving Loan": each Revolving Loan denominated in a Core Currency (other than Dollars).

"Alternate Currency Swing Line Loan": each Swing Line Loan denominated in a Core Currency (other than Dollars).

"Applicable": with respect to Regulation D being applicable to any determination of a Core Currency Euro Rate or an Individual Currency Rate, that Regulation D reserves would be applicable to the Core Currency Euro Advance or the Individual Currency Loan, as the case may be, as to which such interest rate would apply (including by giving effect to the assumption that the applicable Lender had funded such Core Currency Euro Advance or such Individual Currency Loan, as the case may be, through the purchase of a Core Currency or a Non-Core Currency, as the case may be, deposit by a subsidiary or affiliate of such Lender in the London interbank market and the transfer thereof to such Lender from such subsidiary or affiliate).

"Applicable Currency":

(a) With respect to any Revolving Loan or Swing Line Loan for any applicable Borrower, Dollars and each Available Alternate Currency which is a Core Currency as follows:

- (i) in the case of Dollars: a Domestic Borrower,
- (ii) in the case of French Francs: the French Borrower,
- (iii) in the case of German Marks: the German Borrower,
- (iv) in the case of Japanese Yen: the Japanese Borrower, and
- (v) in the case of Sterling Pounds: the Sterling Borrower.

(b) With respect to any Bid Loan, the Currency specified by the applicable Borrower in its Bid Request for such Bid Loan.

(c) With respect to any Negotiated Rate Loan, the

Currency specified in the Negotiated Rate Confirmation for such Negotiated Rate Loan.

(d) With respect to any Individual Currency Loan for any applicable Borrower, each Available Alternate Currency which is a Non-Core Currency as follows:

(i) in the case of Australian Dollars: the Australian Borrower,

(ii) in the case of Canadian Dollars: the Canadian Borrower,

(iii) in the case of Hong Kong Dollars, the Hong Kong Borrower,

(iv) in the case of Italian Lira: the Italian Borrower,

(v) in the case of Korean Won: the Korean Borrower,

(vi) in the case of Malaysian Ringgit: the Malaysian Borrower,

(vii) in the case of Mexican Pesos: the Mexican Borrower,

(viii) in the case of Philippine Pesos: the Philippine Borrower,

(ix) in the case of Singaporean Dollars: the Singaporean Borrower,

(x) in the case of Swiss Francs: the Swiss Borrower,

(xi) in the case of New Taiwan Dollars: the Taiwanese Borrower, and

(xii) in the case of Thai Baht: the Thai Borrower.

"Applicable Lending Office": (i) as to any Lender, with respect to Revolving Loans in any Core Currency, initially, the office, branch or affiliate of such Lender designated as such Lender's lending office for Revolving Loans in such Core Currency on Exhibit R, and thereafter, such other office, branch or affiliate of such Lender through which it shall be making or maintaining Revolving Loans in such Core Currency, as reported by such Lender to the Administrative Agent and the Parent, (ii) as to the Swing Line Lender, with respect to Swing Line Loans in any

Core Currency, initially, the office, branch or affiliate of such Lender designated as the Swing Line Lender's lending office for such Swing Line Loans in such Core Currency on Exhibit R, and thereafter, such other office, branch or affiliate of the Swing Line Lender through which it shall be making or maintaining Swing Line Loans in such Core Currency, as reported by the Swing Line Lender to the Administrative Agent and the Parent, (iii) as to any Lender, with respect to any Bid Loan, the lending office, branch or affiliate of such Lender designated as such Lender's lending office for such Bid Loan in its Bid for such Bid Loan, (iv) as to any Lender, with respect to Individual Currency Loans in any Non-Core Currency, initially, the office, branch or affiliate of such Lender designated as such Lender's lending office for such Individual Currency Loans in such Non-Core Currency on Exhibit R, and thereafter, such other office, branch or affiliate of such Lender through which it shall be making or maintaining Individual Currency Loans in such Non-Core Currency, as reported by such Lender to the Administrative Agent and the Parent, and (v) as to any Lender, with respect to any Negotiated Rate Loan, the lending office, branch or affiliate of such Lender designated as such Lender's lending office for such Negotiated Rate Loan in the Negotiated Rate Confirmation for such Negotiated Rate Loan.

"Applicable Margin": (i) with respect to the unpaid principal amount of ABR Advances, the applicable percentage set forth below in the column entitled "Applicable Margin for ABR Advances" and (ii) with respect to the unpaid principal amount of Eurodollar Advances, Core Currency Euro Advances and Individual Currency Loans, the applicable percentage set forth below in the column entitled "Applicable Margin for Eurodollar/Core Currency Euro Advances/Individual Currency Loans":

Pricing Level	Applicable Margin for ABR Advances	Applicable Margin for Eurodollar Advances/Core Currency Euro Advances/Individual Currency Loans
-----	-----	-----
Pricing Level I	0%	0.2000%
Pricing Level II	0%	0.2700%
Pricing Level III	0%	0.2750%
Pricing Level IV	0%	0.4000%
Pricing Level V	0%	0.4000%

"Applicable Payment Office": in the case of:

- (i) the Administrative Agent, (x) in respect of all Loans (other than Alternate Currency Loans), Letters of Credit designated in Dollars, fees and other amounts owing under this Agreement, the office of the Administrative Agent listed in Exhibit Q as its "Domestic Payment Office", and (y) in respect of Alternate Currency Loans and Letters of Credit designated in Alternate Currencies, the office of the Administrative Agent listed in Exhibit Q as its payment office for the applicable Alternate Currency, or such other office or offices as the Administrative Agent may from time to time hereafter designate in writing as such to the Parent, each Lender and each Borrower;
- (ii) the Swing Line Lender, in respect of each Swing Line Loan, the office of the Swing Line Lender listed in Exhibit R as the payment office for the applicable Core Currency in which such Swing Line Loan is made or such other office or offices as the Swing Line Lender may from time to time hereafter designate in writing as such to the Administrative Agent, the Parent and each Swing Line Borrower;
- (iii) any other Lender, (w) in respect of each Revolving Loan, the office of such Lender listed in Exhibit R as its payment office for the applicable Core Currency or such other office or offices as such Lender may from time to time hereafter designate in writing as such to the Administrative Agent, the Parent and each Borrower, (x) in respect of each Individual Currency Loan, the office of such Lender listed in Exhibit R as its payment office for the applicable Non-Core Currency or such other office or offices as such Lender may from time to time hereafter designate in writing as such to the Administrative Agent, the Parent and each Borrower, (y) in respect of each Bid Loan, the office of such Lender listed in such Lender's Bid for such Bid Loan, and (z) in respect of each Negotiated Rate Loan, the office of such Lender listed in the Negotiated Rate Confirmation for such Negotiated Rate Loan; and
- (iv) the Issuing Bank, in respect of each Letter of Credit, the office of the Issuing Bank listed in Exhibit R as the payment office for the applicable Currency in which such Letter of Credit is issued

or such other office or offices as the Issuing Bank may from time to time hereafter designate in writing as such to the Administrative Agent and the Parent.

"Assignment and Acceptance Agreement": an assignment and acceptance agreement executed by an assignor and an assignee pursuant to which the assignor assigns to the assignee all or any portion of such assignor's Loans, Commitment, Individual Currency Commitments and other rights and obligations under the Loan Documents, substantially in the form of Exhibit D.

"Assignment Fee": as defined in Section 11.7(b).

"Australian Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Australia and which shall become a Borrower pursuant to Section 2.23 hereof.

"Australian Dollars": freely transferable lawful money of Australia.

"Availability Percentage": with respect to any Lender at any time, a percentage equal to a fraction (x) the numerator of which is

(A) the Commitment of such Lender, minus

(B) the sum of (I) the aggregate principal amount of all Revolving Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (II) the aggregate principal amount of all Individual Currency Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (III) the SL/LC Credit Exposure of such Lender, and

(y) the denominator of which is

(A) the Aggregate Commitments, minus

(B) the sum of (I) the outstanding principal balance of all Revolving Loans (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (II) the outstanding principal balance of all Individual Currency Loans (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (III) the outstanding principal balance of all Swing Line Loans, plus (IV) the Letter of Credit Exposure.

"Available Alternate Currency": each Alternate Currency except to the extent that the Administrative Agent has given notice to the Parent pursuant to Section 2.14(a) (which notice has not been rescinded by the Administrative Agent) that one or more Alternate Currencies are no longer available as determined by it in its sole discretion.

"Benefited Lender": as defined in Section 11.9.

"Bid": an offer by a Lender to a Borrower, in the form of Exhibit H, to make a Bid Loan.

"Bid Accept/Reject Letter": a notification made by the applicable Borrower pursuant to Section 2.11 in the form of Exhibit I.

"Bid Interest Period": as to any Bid Loan, the period commencing on the date of such Bid Loan, and ending on the date requested in the Bid Request with respect to such Bid Loan, which shall not be earlier than 7 days after the date of such Bid Loan or later than 180 days after the date of such Bid Loan; provided, however, that (i) if any Bid Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such next succeeding Business Day would be a date on or after the Maturity Date in which case such Interest Period shall end on the next preceding Business Day and (ii) no Borrower shall select a Bid Interest Period which shall end after the Maturity Date.

"Bid Loan": each loan from a Lender to a Borrower pursuant to Section 2.11.

"Bid Loan Confirmation": a confirmation by the Administrative Agent to a Lender of the acceptance by the applicable Borrower of any Bid (or Portion thereof) made by such Lender, substantially in the form of Exhibit J.

"Bid Rate": as defined in Section 2.11(b).

"Bid Request": a request by a Borrower, in the form of Exhibit F, for Bids.

"Bid Submission Deadline": as defined in Section 2.11(b).

"BNY Rate": a rate of interest per annum equal to the rate of interest publicly announced in New York City by BNY from time to time as its prime commercial lending rate, such rate to be adjusted automatically (without notice) on the effective date of any change in such publicly announced rate.

"Borrower Addendum": an Addendum to this Agreement in

the form of Exhibit B pursuant to which a Subsidiary of the Parent may become a Subsidiary Borrower pursuant to the provisions of Section 2.23.

"Borrowers": collectively, Tiffany, Tiffany International and the Subsidiary Borrowers; each a "Borrower".

"Borrowing Date": (i) in respect of Revolving Loans, any Business Day on which the Lenders shall make Revolving Loans to a Borrower pursuant to a Notice of Borrowing or pursuant to a Mandatory Borrowing, (ii) in respect of Bid Loans, any Business Day on which a Lender shall make a Bid Loan to a Borrower pursuant to a Bid Request, (iii) in respect of Swing Line Loans, any Business Day on which the Swing Line Lender shall make a Swing Line Loan to a Swing Line Borrower pursuant to a Notice of Borrowing, (iv) in respect of Negotiated Rate Loans, any Business Day on which a Lender shall make a Negotiated Rate Loan to a Borrower pursuant to a Negotiated Rate Confirmation, (v) in respect of Individual Currency Loans, any Business Day on which a Lender shall make an Individual Currency Loan to a Borrower pursuant to a Notice of Borrowing, and (vi) in respect of Letters of Credit, any Business Day on which the Issuing Bank issues a Letter of Credit to a Letter of Credit Applicant pursuant to a Letter of Credit Request.

"Borrowing/Issuance Period": as defined in Section 2.7(b)(ii).

"Business Day":

(i) for all purposes (other than as covered by clauses (ii) and (iii) below), any day except Saturday, Sunday or a day which in New York City is a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close,

(ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, a Eurodollar Advance, a Core Currency Euro Advance or an Alternate Currency Swing Line Loan, any day which is a Business Day described in clause (i) above, is a day for trading by and between banks in the London interbank market and which is not a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in the country in which the principal office of the applicable Borrower is located, and

(iii) with respect to all notices and determinations in connection with, and payments of principal and interest on, an Alternate Currency Bid Loan, an Alternate Currency Negotiated Rate Loan, an Individual Currency Loan or a Letter of Credit designated in an Alternate Currency, any day which is a Business

Day described in clause (i) above, is a day for trading by and between banks in the London interbank market and which is not a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in the country in which (x) the principal office of the applicable Borrower is located and (y) the Applicable Lending Office and Applicable Payment Office of the applicable Lender is located.

"Canadian Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Canada and which shall become a Borrower pursuant to Section 2.23 hereof.

"Canadian Dollars": freely transferable lawful money of Canada.

"Change of Control": (i) any "Person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect) is or shall become the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 thereunder), directly or indirectly, of more than 50%, on a fully diluted basis, of the voting and economic interests of the Parent, or (ii) the Board of Directors of the Parent shall cease to consist of a majority of Continuing Directors.

"Code": the Internal Revenue Code of 1986, as the same may be amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect.

"Commitment": with respect to each Lender, the amount set forth opposite such Lender's name in Exhibit A-1 directly below the column entitled "Commitment", as the same may be (x) reduced from time to time pursuant to Section 2.9 or (y) adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 11.7 or increases pursuant to Section 11.1.

"Commitment Percentage": as to any Lender, the percentage set forth opposite the name of such Lender in Exhibit A-1 under the heading "Commitment Percentage", as such percentage may be (x) reduced from time to time pursuant to Section 2.9 or (y) adjusted from time to time as a result of assignments to or from such Lender of its Commitment pursuant to Section 11.7 or increases in the Aggregate Commitments pursuant to Section 11.1.

"Commitment Period": the period from the Effective Date until the Expiration Date.

"Compliance Certificate": a certificate in the form of Exhibit M.

"Consolidated": the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Consolidated Capitalization": as of any date, total stockholder's equity of the Parent and its Subsidiaries on a Consolidated basis on such date (without giving effect to foreign currency translation adjustments, except to the extent such adjustments are in excess of \$10,000,000 (whether positive or negative)) plus Total Debt on such date.

"Contingent Obligation": as to any Person (the "secondary obligor"), any obligation of such secondary obligor (a) guaranteeing or in effect guaranteeing any return on any Investment made by another Person, or (b) guaranteeing or in effect guaranteeing any Indebtedness, lease, dividend or other obligation ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such secondary obligor, whether contingent, (i) to purchase any such primary obligation or any Property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase Property, securities or services primarily for the purpose of assuring the beneficiary of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, (iv) otherwise to assure or hold harmless the beneficiary of such primary obligation against loss in respect thereof, and (v) in respect of the Indebtedness of any partnership in which such secondary obligor is a general partner, except to the extent that such Indebtedness of such partnership is nonrecourse to such secondary obligor and its separate Property; provided, however, that the term "Contingent Obligation" shall not include (i) the indorsement of instruments for deposit or collection in the ordinary course of business and (ii) guaranties by the Parent or any Subsidiary of the Parent of the primary obligations of any other Subsidiary of the Parent incurred in the ordinary course of business of such other Subsidiary; and provided, further, that the amount of any such Contingent Obligation shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of such primary obligation and (b) the maximum amount for which such secondary obligor may be liable pursuant to the terms of the agreement embodying such Contingent Obligation unless such primary obligation and the maximum amount for which such secondary obligor may be liable are not stated or determinable, in which case the amount of such Contingent Obligation shall be such secondary obligor's maximum reasonably anticipated liability in

respect thereof as determined by such secondary obligor in good faith.

"Continuing Directors": the directors of the Parent on the Effective Date and each other director, if such director's nomination for election to the Board of Directors of the Parent is recommended by a majority of the then Continuing Directors.

"Conversion Date": the date on which (i) a Eurodollar Advance is converted to an ABR Advance, (ii) the date on which an ABR Advance is converted to a Eurodollar Advance, (iii) the date on which a Eurodollar Advance is converted to a new Eurodollar Advance and (iv) the date on which a Core Currency Euro Advance is converted to a new Core Currency Euro Advance.

"Core Currencies": Dollars, French Francs, German Marks, Japanese Yen and Sterling Pounds (each, a "Core Currency"), and such other currencies as shall be requested by the Parent to be a Core Currency hereunder subject to the approval of all of the Lenders in their sole and absolute discretion.

"Core Currency Borrowers": with respect to Revolving Loans, the Domestic Borrowers, the German Borrower, the French Borrower, the Japanese Borrower and the Sterling Borrower; each a "Core Currency Borrower".

"Core Currency Euro Advances": collectively, the Revolving Loans (or any portions thereof) at such time as they (or such portions) are maintained and/or being maintained in a Core Currency (other than Dollars) at a rate of interest based upon a Core Currency Euro Rate; each a "Core Currency Euro Advance".

"Core Currency Euro Rate": with respect to each day during each Interest Period applicable to any Core Currency Euro Advance, a rate of interest per annum determined by dividing (and then rounding to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, then to the next higher 1/16 of 1%):

(a) (i) the rate per annum that appears on page 3740 or 3750 of the Dow Jones Telerate Screen (or any successor page) for deposits of the applicable Core Currency with a maturity comparable to such Interest Period, determined as of 11:00 A.M. (London time) (x) on the date which is two Business Days prior to the commencement of such Interest Period, in the case of a Core Currency (other than Sterling Pounds) and (y) on the date of the commencement of such Interest Period, in the case of Sterling Pounds or, if such rate does not appear on page 3740 or 3750 of the Dow Jones Telerate Screen (or any successor page) or (ii) the rate per annum equal to the offered quotation notified to the Administrative Agent by the Reference Lender as the offered quotation by first class banks in the London interbank market to the Reference Lender for such Core Currency deposits of amounts

in immediately available funds comparable to the principal amount of such Core Currency Euro Advance of the Reference Lender with a maturity comparable to such Interest Period determined as of 11:00 A.M. (London time) (x) on the date which is two Business Days prior to the commencement of such Interest Period, in the case of a Core Currency (other than Sterling Pounds) and (y) on the date of the commencement of such Interest Period, in the case of Sterling Pounds, by

(b) a number equal to 1.00 minus the aggregate of the stated maximum rates in effect on such day (without duplication) of all reserve requirements (including marginal, emergency, supplemental and special reserves) and similar charges, expressed as a decimal, established by any Governmental Authority, including those established by the Board of Governors of the Federal Reserve System and any other banking authority to which BNY and other major United States money center banks are subject in respect of eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board of Governors of the Federal Reserve System) maintained by a member of the Federal Reserve System with deposits exceeding \$1 billion in respect of eurodollar currency funding liabilities, to the extent Applicable;

provided, in the event that the Administrative Agent has made any determination pursuant to Section 2.14(a)(i) in respect of such Core Currency Euro Advance, the Core Currency Euro Rate determined pursuant to clause (a) of this definition shall instead be the rate reported to the Administrative Agent by the Reference Lender as the rate based on the all-in cost of funds of the Reference Lender to fund such Core Currency Euro Advance with a maturity comparable to such Interest Period.

"Credit Exposure": with respect to any Lender at any time, the sum of (i) the outstanding principal balance of all Loans (other than Swing Line Loans) then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Loan), plus (ii) the SL/LC Credit Exposure of such Lender at such time.

"Credit Party": with respect to any Loan Document, any Person (other than the Administrative Agent, the Issuing Bank, the Swing Line Lender or any Lender) which, in accordance with the terms of such Loan Document, is or is to be a party thereto.

"Currency": any Core Currency or Non-Core Currency.

"Default": any of the events specified in Section 9.1, whether or not any requirement for the giving of notice, the lapse of time, or any other condition, has been satisfied.

"Disposition": with respect to any Person, any sale,

assignment, transfer or other disposition by such Person, by any means, of

- (a) the Stock of, or other equity interests of, any other Person,
- (b) any business, operating entity, division or segment thereof, or
- (c) any other Property of such Person, other than sales of inventory (other than in connection with bulk transfers).

"Dollar Bid Loan": a Bid Loan denominated in Dollars.

"Dollar Equivalent": on any date of determination thereof, the amount of Dollars which could be purchased with the amount of the relevant Alternate Currency involved in such computation at the spot rate at which Dollars may be exchanged into such Alternate Currency as set forth on such date on (i) Reuters pages MGTY, MGTX, SCNY or BNMX or (ii) Dow Jones Telerate pages 262, 264, 265, 266 or 9993 (or any successor pages) or, if such rate does not appear on such pages, at the spot exchange rate therefor as determined by the Administrative Agent as of 11:00 A.M. (London time) on such date of determination thereof for delivery (x) in the case of an exchange of Dollars into Canadian Dollars, one Business Day later and (y) in all other cases, two Business Days later. In the event that, on any date of determination, a spot rate for an individual Alternate Currency appears on both a page of Reuters set forth above and a page of Dow Jones Telerate set forth above, the Dollar Equivalent of such Alternate Currency shall be the arithmetic mean of such spot rates.

"Dollar Loan": each Dollar Revolving Loan, Dollar Bid Loan, Dollar Negotiated Rate Loan and Dollar Swing Line Loan.

"Dollar Negotiated Rate Loan": a Negotiated Rate Loan denominated in Dollars.

"Dollar Reimbursement Amount": as defined in Section 2.19(d).

"Dollar Revolving Loan" and "Dollar Revolving Loans": as defined in Section 2.1(b).

"Dollar Swing Line Loan" and "Dollar Swing Line Loans": as defined in Section 2.1(c).

"Dollars": and "\$": freely transferable lawful money of the United States.

"Domestic Borrowers": Tiffany, Tiffany International and each other Borrower which is a corporation organized under the laws of the United States or any State thereof and which has its principal place of business in the United States; each a "Domestic Borrower".

"EBIT": for any period, the net income of the Parent and its Subsidiaries on a Consolidated basis for such period plus each of the following with respect to the Parent and its Subsidiaries on a Consolidated basis to the extent utilized in determining such net income: (a) Interest Expense and (b) provision for taxes.

"Effective Date": June 30, 1995.

"Employee Benefit Plan": an employee benefit plan within the meaning of Section 3(3) of ERISA maintained, sponsored or contributed to by the Parent, any of its Subsidiaries or any ERISA Affiliate.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect.

"ERISA Affiliate": when used with respect to an Employee Benefit Plan, ERISA, the PBGC or a provision of the Code pertaining to employee benefit plans, any Person that is a member of any group of organizations within the meaning of Sections 414(b) or (c) of the Code or, solely with respect to applicable provisions of the Code, Sections 414(m) or (o) of the Code, of which the Parent or any of its Subsidiaries is a member.

"Euro Interest Period": with respect to any Eurodollar Advance or Core Currency Euro Advance requested by any Borrower, the period commencing on, as the case may be, the Borrowing Date or Conversion Date with respect to such Advance and ending one, two, three or six months thereafter, as selected by such Borrower in its irrevocable Notice of Borrowing or its irrevocable Notice of Conversion, provided, however, that (i) if any Euro Interest Period would otherwise end on a day which is not a Business Day, such Euro Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Euro Interest Period into another calendar month, in which event such Euro Interest Period shall end on the immediately preceding Business Day, (ii) any Euro Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Euro Interest Period) shall end on the last Business Day of a calendar month, and (iii) no Borrower shall select a Euro Interest Period which shall end after the Maturity Date.

"Eurodollar Advances": collectively, the Revolving Loans (or any portions thereof) at such time as they (or such portions) are made and/or being maintained at a rate of interest based upon a Eurodollar Rate; each a "Eurodollar Advance".

"Eurodollar Rate": with respect to each day during each Interest Period applicable to any Eurodollar Advance, a rate of interest per annum determined by dividing (and then rounding to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, then to the next higher 1/16 of 1%):

(a) the rate per annum equal to the rate notified to the Administrative Agent by the Reference Lender as the rate at which the Reference Lender is offered Dollar deposits in the New York interbank market, for delivery on the first day of such Interest Period, in an amount equal approximately to such Eurodollar Advance for a period equal to such Interest Period, as quoted at approximately 11:00 A.M. two Business Days prior to the first day of such Interest Period, by

(b) a number equal to 1.00 minus the aggregate of the stated maximum rates in effect on such day (without duplication) of all reserve requirements (including marginal, emergency, supplemental and special reserves), expressed as a decimal, established by the Board of Governors of the Federal Reserve System and any other banking authority to which BNY and other major United States money center banks are subject, in respect of eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board of Governors of the Federal Reserve System) maintained by a member of the Federal Reserve System with deposits exceeding \$1 billion in respect of eurodollar currency funding liabilities.

"Event of Default": any of the events specified in Section 9.1, provided that any requirement for the giving of notice, the lapse of time, or any other condition has been satisfied.

"Excess Tax": as defined in Section 2.13(g).

"Expiration Date": the Business Day immediately preceding the Maturity Date.

"Facility Fee": as defined in Section 3.1.

"Federal Funds Rate": for any day, a rate per annum (expressed as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1%), 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 by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if the

day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day which is a Business Day, the Federal Funds Rate for such day shall be the average of the three rates quoted by federal funds brokers to BNY on such day on such transactions received by BNY as determined by BNY and reported to the Administrative Agent.

"Financial Officer": the chief financial officer, the treasurer or the assistant treasurer of the Parent or such other officer thereof as shall be reasonably satisfactory to the Administrative Agent.

"Financial Statements": as defined in Section 4.15.

"Fixed Rate Loan": a Eurodollar Advance, a Core Currency Euro Advance, a Swing Line Negotiated Rate Advance, a Negotiated Rate Loan, an Individual Currency Loan or a Bid Loan.

"Foreign Pension Plan": any plan, fund (including any superannuation fund) or other similar program established or maintained outside of the United States by the Parent or any one or more of its Subsidiaries primarily for the benefit of employees of the Parent or such Subsidiaries residing outside of the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"French Borrower": one or more of the following: Tiffany, Tiffany International or Societe Francaise Pour Le Developpement De La Porcelaine D'Art (S.A.R.L.), a corporation organized under the laws of France and whose principal office is located in France.

"French Francs": freely transferable lawful money of France.

"Funded Current Liability Percentage": as defined in Section 401(a)(29) of the Code.

"GAAP": generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and in the statements and pronouncements of the Financial Accounting Standards Board or in such other statement by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination. If at any time

after the Effective Date any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Required Lenders, the Parent or the appropriate Borrowers shall so request, the Administrative Agent, the Lenders, the Parent and such Borrowers shall negotiate in good faith to amend such ratio or requirement to reflect such change in GAAP (subject to the approval of the Required Lenders), provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Parent and such Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under the Loan Documents or as reasonably requested thereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

"German Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Germany and which shall become a Borrower pursuant to Section 2.23 hereof.

"German Marks": freely transferable lawful money of Germany.

"Governmental Authority": any foreign, federal, state, municipal or other government, or any department, commission, board, bureau, agency, public authority, instrumentality or other political subdivision thereof, any central bank, or any court or arbitrator.

"Guaranty": as defined in Section 5.2.

"Hong Kong Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany & Co. of New York Limited, a corporation organized under the laws of Hong Kong and whose principal office is located in Hong Kong.

"Hong Kong Dollars": freely transferable lawful money of Hong Kong.

"Indebtedness": as to any Person, at a particular time, all items of such Person which constitute, without duplication, (a) indebtedness for borrowed money or the deferred purchase price of Property (other than trade payables and accrued expenses incurred in the ordinary course of business), (b) indebtedness evidenced by notes, bonds, debentures or similar instruments, (c) obligations with respect to any conditional sale or other title retention agreement, (d) indebtedness arising under acceptance facilities and the amount available to be drawn under all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder to the

extent such Person shall not have reimbursed the issuer in respect of the issuer's payment of such drafts, (e) liabilities secured by any Lien on any Property owned by such Person even though such Person shall not have assumed or otherwise become liable for the payment thereof (other than carriers', warehousemen's, mechanics', repairmen's or other like non-consensual Liens arising in the ordinary course of business), (f) that portion of any obligation of such Person, as lessee, which in accordance with GAAP is required to be capitalized on the balance sheet of such Person, and (g) Contingent Obligations.

"Indemnified Person": as defined in Section 11.10.

"Indemnified Tax": as to any Person, any Tax, except (i) a Tax on the Income imposed on such Person and (ii) any interest, fees or penalties for late payment imposed on such Person, in each case under clauses (i) and (ii) to the extent not attributable to the failure of the Parent or any of its Subsidiaries to obtain any necessary approvals or consents of, or file or cause to be filed any reports, applications, documents, instruments or information required to be filed pursuant to any applicable law, rule, regulation or request of, any Governmental Authority.

"Indemnified Tax Person": the Administrative Agent, the Swing Line Lender, the Issuing Bank, or any Lender.

"Individual Currency Commitment": with respect to each Lender and any Non-Core Currency, the amount set forth opposite such Lender's name in Exhibit A-2 directly below the column entitled "Individual Currency Commitment" in respect of such Non-Core Currency (determined on the basis of the Dollar Equivalent for such Non-Core Currency), as the same may be (x) reduced from time to time pursuant to Section 2.9 or (y) adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 11.7, provided, however, that the aggregate amount of all of the Individual Currency Commitments of each Lender (determined on the basis of the Dollar Equivalent for each applicable Non-Core Currency) shall not exceed the amount of such Lender's Commitment.

"Individual Currency Interest Period": with respect to any Individual Currency Loan requested by any Non-Core Currency Borrower, the period commencing on the Borrowing Date with respect to such Individual Currency Loan and ending one, two or three months thereafter, as selected by such Non-Core Currency Borrower in its irrevocable Notice of Borrowing, provided, however, that (i) if any Individual Currency Interest Period would otherwise end on a day which is not a Business Day, such Individual Currency Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would

be to carry such Individual Currency Interest Period into another calendar month, in which event such Individual Currency Interest Period shall end on the immediately preceding Business Day, (ii) any Individual Currency Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Individual Currency Interest Period) shall end on the last Business Day of a calendar month, and (iii) no Borrower shall select an Individual Currency Interest Period which shall end after the Maturity Date.

"Individual Currency Loan" and "Individual Currency Loans": as defined in Section 2.1(e).

"Individual Currency Rate": with respect to each day during each Interest Period applicable to any Individual Currency Loan, a rate of interest per annum determined by dividing (and then rounding to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, then to the next higher 1/16 of 1%):

(a) (i) if such Individual Currency Loan is designated in Australian Dollars, Canadian Dollars, Hong Kong Dollars, Italian Lira, Singaporean Dollars or Swiss Francs,

(A) with respect to Australian Dollars, the average bid rate for bank bills of exchange that appears on page BBSY on the Reuters Screen (Sydney) (or any successor page) for a term equivalent to such Interest Period, determined as of approximately 10:15 A.M. (Sydney time) on the first day of such Interest Period,

(B) with respect to Canadian Dollars, the rate per annum that appears on page CDOR on the Reuters Screen (Toronto) (or any successor page) for deposits of Canadian Dollars with a maturity comparable to such Interest Period, determined as of approximately 11:00 A.M. (Toronto time) on the date which is two Business Days prior to the commencement of such Interest Period,

(C) with respect to Italian Lira, the rate per annum that appears on page RIBO (London) on the Reuters Screen (or any successor page) for deposits of Italian Lira with a maturity comparable to such Interest Period, determined as of approximately 11:00 A.M. (London time) on the date which is two Business Days prior to the commencement of such Interest Period,

(D) with respect to Swiss Francs, the rate per annum that appears on page 3740 or 3750 of the Dow Jones Telerate Screen (or any successor page) for deposits of Swiss Francs with a maturity comparable to

such Interest Period, determined as of approximately 11:00 A.M. (London time) on the date which is two Business Days prior to the commencement of such Interest Period,

(E) with respect to Hong Kong Dollars, the rate per annum that appears on page FWEN on the Reuters Screen (Hong Kong) (or any successor page) for deposits of Hong Kong Dollars with a maturity comparable to such Interest Period, determined as of approximately 11:00 A.M. (Hong Kong time) on the date which is two Business Days prior to the commencement of such Interest Period,

(F) with respect to Singaporean Dollars, the rate per annum that appears on page FWE0 of the Reuters Screen (Singapore) (or any successor page) for deposits of Singaporean Dollars with a maturity comparable to such Interest Period, determined as of approximately 11:00 A.M. (Singapore time), on the date which is two Business Days prior to the commencement of such Interest Period, or

(G) if such rate does not appear on such applicable page of the Dow Jones Telerate Screen or Reuters Screen (or any successor page), the rate per annum equal to the offered quotation by first class banks in the London, Australian, Canadian, Hong Kong or Singapore, as the case may be, interbank market to the applicable Lender for such Non-Core Currency deposits of amounts in immediately available funds comparable to the principal amount of such Individual Currency Loan with a maturity comparable to such Interest Period determined as of approximately 11:00 A.M. (London, Sydney, Toronto, Hong Kong or Singapore, as the case may be, time) on the date which is two Business Days prior to the commencement of such Interest Period or, in the case of Individual Currency Loans designated in Australian Dollars, on the first day of such Interest Period,

(ii) if such Individual Currency Loan is designated in any other Non-Core Currency, a rate per annum equal to the offered quotation by first class banks in the applicable interbank market to the applicable Lender for deposits of such Non-Core Currency in amounts in immediately available funds comparable to the principal amount of such Individual Currency Loan with a maturity comparable to such Interest Period as determined by such Lender on the date which is two Business Days prior to the commencement of such Interest Period, adjusted for additional costs and local market conditions as determined by such Lender, by

(b) a number equal to 1.00 minus the aggregate of

the stated maximum rates in effect on such day (without duplication) of all reserve requirements (including marginal, emergency, supplemental and special reserves) and similar charges, expressed as a decimal, established by any Governmental Authority, including those established by the Board of Governors of the Federal Reserve System and any other banking authority to which BNY and other major United States money center banks are subject in respect of eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board of Governors of the Federal Reserve System) maintained by a member of the Federal Reserve System with deposits exceeding \$1 billion in respect of eurodollar currency funding liabilities, to the extent Applicable;

provided, in the event that the applicable Lender has made any determination pursuant to Section 2.14(a)(iv) in respect of such Individual Currency Loan, the Individual Currency Rate determined pursuant to clause (a) of this definition shall instead be the rate based on the all-in cost of funds of the applicable Lender to fund such Individual Currency Loan with a maturity comparable to such Interest Period.

"Intellectual Property": all United States registered trademarks, service marks, patents, and trade names.

"Intercompany Acquisition": an Acquisition by the Parent from any of its Subsidiaries or an Acquisition by any Subsidiary of the Parent from any other Subsidiary of the Parent.

"Intercompany Debt": (i) Indebtedness of the Parent to one or more of the Subsidiaries of the Parent and (ii) demand Indebtedness of one or more of the Subsidiaries of the Parent to the Parent or any one or more of the other Subsidiaries of the Parent.

"Intercompany Disposition": a Disposition by the Parent or any of its Subsidiaries to the Parent or any of its other Subsidiaries, provided that such Disposition does not materially and adversely affect the interests of the Lenders under the Loan Documents.

"Intercompany Lien": A Lien granted by the Parent or any of its Subsidiaries to the Parent or any of its other Subsidiaries, provided that such Lien does not materially and adversely affect the interests of the Lenders under the Loan Documents.

"Interest Coverage Ratio": as of any date, the ratio of (a) EBIT in respect of the period comprised of the four consecutive fiscal quarters ended immediately prior to such date in respect of which financial statements have been delivered pursuant to Sections 7.7(a), 7.7(c) or 7.7(d) to (b) Interest

Expense for such period.

"Interest Expense": for any period, the interest expense of the Parent and its Subsidiaries on a Consolidated basis in respect of such period.

"Interest Period": a Euro Interest Period, a Swing Line Interest Period, a Negotiated Rate Interest Period, an Individual Currency Interest Period or a Bid Interest Period, as the case may be.

"Interest Rate Protection Arrangement": any interest rate swap, cap or collar arrangement or any other derivative product, in each case designed to reduce exposure to interest rate fluctuations.

"Investments": as defined in Section 8.7.

"Invitation to Bid": an invitation to make Bids in the form of Exhibit G.

"Issuing Bank": BNY.

"Italian Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany-Faraone S.P.A., a corporation organized under the laws of Italy and whose principal office is located in Italy.

"Italian Lira": freely transferable lawful money of Italy.

"Japanese Borrower": one or more of the following: Tiffany, Tiffany International, Tiffany Japan or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Japan and which shall become a Borrower pursuant to Section 2.23 hereof.

"Japanese Yen": freely transferable lawful money of Japan.

"Judgment Currency": as defined in Section 11.14.

"Judgment Currency Conversion Date": as defined in Section 11.14.

"Korean Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Korea and which shall become a Borrower pursuant to Section 2.23 hereof.

"Korean Won": freely transferable lawful money of

Korea.

"Lender": each financial institution listed on Exhibit A-1, as well as any Person which becomes a "Lender" hereunder pursuant to Sections 11.7 or 11.1; it being understood and agreed, however, that for purposes of making certain Alternate Currency Loans and issuing or participating in certain Letters of Credit under this Agreement, certain of the Lenders have specifically designated on Exhibit R certain of their branches, subsidiaries or affiliates that will be responsible for making such Alternate Currency Loans and issuing or participating in such Letters of Credit, or may make such a designation in an Assignment and Acceptance Agreement entered into by any such Lender.

"Letter of Credit" and "Letters of Credit": as defined in Section 2.19.

"Letter of Credit Applicants": collectively, Tiffany and Tiffany International; each a "Letter of Credit Applicant".

"Letter of Credit Commissions": as defined in Section 3.2.

"Letter of Credit Commitment": (i) the commitment of the Issuing Bank to issue Letters of Credit, provided that the Letter of Credit Exposure shall not exceed \$25,000,000 (determined on the basis of the Dollar Equivalent for each outstanding Letter of Credit designated in an Alternate Currency), and (ii) the commitment of the Lenders in respect of the Letter of Credit Exposure as set forth in Section 2.20.

"Letter of Credit Exposure": at any date, the sum, without duplication, of (i) the aggregate undrawn face amount (determined on the basis of the Dollar Equivalent for each outstanding Letter of Credit designated in an Alternate Currency) of the outstanding Letters of Credit at such date and (ii) the aggregate unpaid reimbursement obligations in respect of the Letters of Credit at such date (after giving effect to any Loans made on such date to pay any such reimbursement obligations and determined on the basis of the Dollar Equivalent for each such reimbursement obligation in respect of an outstanding Letter of Credit designated in an Alternate Currency).

"Letter of Credit Request": a request in the form of Exhibit L.

"Leverage Ratio": as of any date, the ratio of (a) Total Debt on such date, to (b) Consolidated Capitalization as of such date.

"Lien": any mortgage, pledge, assignment, lien,

charge, encumbrance or security interest of any kind, or the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Loan": each Revolving Loan, each Individual Currency Loan, each Negotiated Rate Loan, each Bid Loan and each Swing Line Loan.

"Loan Documents": this Agreement and the Guaranty.

"Malaysian Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Malaysia and which shall become a Borrower pursuant to Section 2.23 hereof.

"Malaysian Ringgit": freely transferable lawful money of Malaysia.

"Mandatory Borrowing": as defined in Section 2.1(d).

"Margin Stock": any "margin stock", as said term is defined in Regulation U of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time.

"Material Adverse": with respect to any change or effect, a material adverse change in, or effect on, as the case may be, (i) the financial condition, operations, business, prospects or Property of the Parent and its Subsidiaries taken as a whole, (ii) the ability of the Parent or any Borrower to perform its obligations under any Loan Document, or (iii) the ability of the Administrative Agent, the Issuing Bank, the Swing Line Lender or any Lender to enforce any Loan Document.

"Maturity Date": June 30, 2000, or such earlier date on which the Loans shall become due and payable, whether by acceleration or otherwise.

"Maximum Offer": as defined in Section 2.11(b).

"Maximum Request": as defined in Section 2.11(a).

"Mexican Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Mexico and which shall become a Borrower pursuant to Section 2.23 hereof.

"Mexican Pesos": freely transferable lawful money of Mexico.

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

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

"Negotiated Rate": as defined in Section 2.12.

"Negotiated Rate Confirmation": as defined in Section 2.12.

"Negotiated Rate Confirmation Request": a request by a Borrower and the Parent, in the form of Exhibit K, for confirmation by a Lender of such Lender's agreement to make a Negotiated Rate Loan to such Borrower pursuant to Section 2.12.

"Negotiated Rate Interest Period": as to any Negotiated Rate Loan, the period commencing on the date of such Negotiated Rate Loan, and ending on the applicable date specified in the Negotiated Rate Confirmation for such Negotiated Rate Loan, which shall not be earlier than 7 days after the date of such Negotiated Rate Loan or later than 180 days after the date of such Negotiated Rate Loan; provided, however, that (i) if any Negotiated Rate Interest Period would end on a day other than a Business Day, such Negotiated Rate Interest Period shall be extended to the next succeeding Business Day, unless such next succeeding Business Day would be a date on or after the Maturity Date in which case such Negotiated Rate Interest Period shall end on the next preceding Business Day and (ii) no Borrower shall select a Negotiated Rate Interest Period which shall end after the Maturity Date.

"Negotiated Rate Loan": each loan from a Lender to a Borrower pursuant to Section 2.12.

"New Taiwan Dollars": freely transferable lawful money of Taiwan.

"Non-Core Currencies": Australian Dollars, Canadian Dollars, Hong Kong Dollars, Italian Lira, Korean Won, Malaysian Ringgit, Mexican Pesos, New Taiwan Dollars, Philippine Pesos, Singaporean Dollars, Swiss Francs and Thai Baht; each a "Non-Core Currency".

"Non-Core Currency Borrowers": with respect to Individual Currency Loans, the Australian Borrower, the Canadian Borrower, the Hong Kong Borrower, the Italian Borrower, the Korean Borrower, the Malaysian Borrower, the Mexican Borrower, the Philippine Borrower, the Singaporean Borrower, the Swiss Borrower, the Taiwanese Borrower and the Thai Borrower; each a "Non-Core Currency Borrower".

"Non-Issuance Event": as defined in Section 2.19(a).

"Non-Swing Loan Event": as defined in Section 2.1(c).

"Notice of Borrowing": a request for Loans in the form of Exhibit C signed by the Parent and the applicable Borrower.

"Notice of Conversion": a notice substantially in the form of Exhibit E.

"Obligation Currency": as defined in Section 11.14.

"Other Hedging Arrangement": any foreign exchange contract, currency swap arrangement, commodity arrangement or any other similar arrangement, in each case designed to protect against fluctuations of currency values.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA, or any Governmental Authority succeeding to the functions thereof.

"Pension Plan": at any time, any Employee Benefit Plan (including a Multiemployer Plan) subject to Section 302 of ERISA or Section 412 of the Code, the funding requirements of which are, or at any time within the six years immediately preceding the time in question, were in whole or in part, the responsibility of the Parent, any of its Subsidiaries or an ERISA Affiliate.

"Person": any individual, firm, partnership, joint venture, corporation, association, business enterprise, limited liability company, joint stock company, unincorporated association, trust, Governmental Authority or any other entity, whether acting in an individual capacity, and for the purpose of the definition of "ERISA Affiliate", a trade or business.

"Philippine Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, the Philippines and which shall become a Borrower pursuant to Section 2.23 hereof.

"Philippine Pesos": freely transferable lawful money of the Philippines.

"Portion": as defined in Section 2.11(b).

"Pricing Level": any of Pricing Level I, Pricing Level II, Pricing Level III, Pricing Level IV, or Pricing Level V.

"Pricing Level I": any time when the senior unsecured long term debt Rating of the Parent by (x) S&P is A- or higher or (y) Moody's is A3 or higher.

"Pricing Level II": any time when (i) the senior unsecured long term debt Rating of the Parent by (x) S&P is BBB+ or higher or (y) Moody's is Baa1 or higher and (ii) Pricing Level I does not apply.

"Pricing Level III": any time when (i) the senior unsecured long term debt Rating of the Parent by (x) S&P is BBB or higher or (y) Moody's is Baa2 or higher and (ii) neither Pricing Level I nor Pricing Level II applies.

"Pricing Level IV": any time when (i) the senior unsecured long term debt Rating of the Parent by (x) S&P is BBB- or higher or (y) Moody's is Baa3 or higher and (ii) none of Pricing Level I, Pricing Level II or Pricing Level III applies.

"Pricing Level V": any time when (i) the senior unsecured long term debt Rating of the Parent by (x) S&P is BB+ or lower or (y) Moody's is Ba1 or lower and (ii) none of Pricing Level I, Pricing Level II, Pricing Level III or Pricing Level IV applies.

"Prohibited Transaction": with respect to any Pension Plan, (a) any event set forth in Sections 4043(b) (other than a Reportable Event as to which the 30 day notice requirement is waived by the PBGC under applicable regulations), 4062(e) or 4063(a) of ERISA or the regulations thereunder, (b) an event requiring the Parent, any of its Subsidiaries or any ERISA Affiliate to provide security to a Pension Plan under Section 401(a)(29) of the Code, or (c) failure to make any payment required by Section 412(m) of the Code.

"Property": in respect of any Person, all types of real, personal, tangible, intangible or mixed property and all types of tangible or intangible property owned or leased by such Person.

"Proportionate Share": as to any Subsidiary Borrower (a) if such cost, expense or other amount is directly attributable to the Loans made to such Subsidiary Borrower or any action taken or omitted to be taken by such Subsidiary Borrower, 100% of such amount and (b) if such cost, expense or other amount is not directly attributable to one or more specific Borrowers, such amount multiplied by (i) if Loans are outstanding, the percentage equivalent of a fraction the numerator of which is the principal amount of Loans outstanding to such Subsidiary Borrower and the denominator of which is the aggregate amount of Loans outstanding to all Borrowers and (ii) if no Loans are outstanding, the percentage equivalent of a fraction the numerator of which is one and the denominator of which is the number of Borrowers.

"Proposed Lender": as defined in Section 11.1(b).

"Quarterly Payment Date": each January 31, April 30, July 31 and October 31 of each year.

"Rating": the actual, or if no actual then the implied, senior unsecured long term debt rating of the Parent, in either case as assigned by S&P or Moody's, as the case may be.

"Reference Lender": BNY.

"Regulation D": Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Reportable Event": with respect to any Pension Plan, (a) any event set forth in Sections 4043(c) (other than a Reportable Event as to which the 30 day notice requirement is waived by the PBGC under applicable regulations), 4062(e) or 4063(a) of ERISA or the regulations thereunder, (b) an event requiring the Parent, any of its Subsidiaries or any ERISA Affiliate to provide security to a Pension Plan under Section 401(a)(29) of the Code, or (c) failure to make any payment required by Section 412(m) of the Code.

"Required Lenders": (i) at any time when no Loans are outstanding, Lenders having Commitments or, if no Commitments then exist, Lenders having Commitments on the last day on which Commitments did exist, equal to at least 60% of the Aggregate Commitments, and (ii) at any time when Loans are outstanding (x) if the Commitments then exist, Lenders having Commitments equal to at least 60% of the Aggregate Commitments, and (y) if the Commitments have been terminated or otherwise no longer exist, Lenders having Credit Exposures equal to at least 60% of the Aggregate Credit Exposure.

"Required Payment": as defined in Section 2.13(a).

"Responsible Officer": the president, the chief financial officer, the treasurer or the assistant treasurer of the Parent, Tiffany or Tiffany International.

"Restricted Payment": with respect to any Person, any of the following, whether direct or indirect: (a) the declaration or payment by such Person of any dividend or distribution on any class of Stock of such Person, other than a dividend payable solely in shares of that class of Stock to the holders of such class, (b) the declaration or payment by such Person of any distribution on any other type or class of equity interest or equity investment in such Person, and (c) any redemption, retirement, purchase or acquisition of, or sinking fund or other similar payment in respect of, any class of Stock of, or other type or class of equity interest or equity investment in, such

Person.

"Revolving Loan" and "Revolving Loans": as defined in Section 2.1(a).

"S&P": Standard & Poor's Ratings Group.

"SEC": the Securities and Exchange Commission or any Governmental Authority succeeding to the functions thereof.

"Singaporean Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany & Co. Pte. Ltd., a corporation organized under the laws of Singapore and whose principal office is located in Singapore.

"Singaporean Dollars": freely transferable lawful money of Singapore.

"SL/LC Credit Exposure": with respect to any Lender at any time, (i) the sum of (A) the outstanding principal balance of all Swing Line Loans (determined on the basis of the Dollar Equivalent for each Alternate Currency Swing Line Loan), plus (B) the Letter of Credit Exposure, multiplied by (ii) the Availability Percentage of such Lender.

"Special Counsel": Emmet, Marvin & Martin, LLP, special counsel to the Administrative Agent.

"Sterling Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany & Co., a corporation organized under the laws of the United Kingdom and whose principal office is located in the United Kingdom.

"Sterling Pounds": freely transferable lawful money of the United Kingdom.

"Stock": any and all shares, rights, interests, participations, warrants, options, rights of conversion or other equivalents (however designated) of corporate stock.

"Subsidiary": with respect to any Person at any time and from time to time, any corporation, association, partnership, limited liability company, joint venture or other business entity of which such Person and/or any Subsidiary of such Person, directly or indirectly at such time, either (a) in respect of a corporation, owns or controls more than 50% of the outstanding Stock having ordinary voting power to elect a majority of the board of directors or similar managing body, irrespective of whether a class or classes shall or might have voting power by reason of the happening of any contingency, or (b) in respect of an association, partnership, limited liability company, joint venture or other business entity, is entitled to share in more

than 50% of the profits and losses, however determined.

"Subsidiary Borrowers": collectively, the Domestic Borrowers (other than Tiffany and Tiffany International), the Australian Borrower, the Canadian Borrower, the French Borrower, the German Borrower, the Hong Kong Borrower, the Italian Borrower, the Japanese Borrower, the Korean Borrower, the Malaysian Borrower, the Mexican Borrower, the Philippine Borrower, the Singaporean Borrower, the Sterling Borrower, the Swiss Borrower, the Taiwanese Borrower and the Thai Borrower which are signatories hereto on the Effective Date, and each other wholly-owned Subsidiary of the Parent which becomes a party to this Agreement by the execution of a Borrower Addendum pursuant to Section 2.23; each a "Subsidiary Borrower".

"Swing Line Borrowers": with respect to Swing Line Loans, the Domestic Borrowers, the French Borrower, the German Borrower, the Japanese Borrower and the Sterling Borrower; each a "Swing Line Borrower".

"Swing Line Commitment": an amount equal to \$15,000,000, as the same may be reduced from time to time pursuant to Section 2.9.

"Swing Line Commitment Period": the period from the Effective Date to, but excluding, the Swing Line Termination Date.

"Swing Line Interest Period": (i) as to any Swing Line Negotiated Rate Advance, the period commencing on the date of such Swing Line Negotiated Rate Advance and ending on the date agreed to between the Parent, the applicable Swing Line Borrower and the Swing Line Lender with respect to such Swing Line Negotiated Rate Advance, and (ii) as to any Swing Line Loan made as an ABR Advance, the period commencing on the date of such ABR Advance and ending on the date set forth by the Parent and the applicable Swing Line Borrower in the Notice of Borrowing with respect to such ABR Advance; provided, however, that the last day of any Swing Line Interest Period shall not be earlier than one day after the date of such Swing Line Negotiated Rate Advance or ABR Advance, as the case may be, or later than 30 days after the date of such Swing Line Negotiated Rate Advance or ABR Advance, as the case may be, and in no event later than 30 days prior to the Expiration Date; and provided further, however, that if any Swing Line Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day.

"Swing Line Lender": BNY.

"Swing Line Loan" and "Swing Line Loans": as defined in Section 2.1(c).

"Swing Line Negotiated Rate": with respect to any Swing Line Interest Period applicable to any Swing Line Negotiated Rate Advance, the rate of interest per annum agreed to by the Parent, the applicable Swing Line Borrower, and the Swing Line Lender with respect thereto in accordance with Section 2.3(b).

"Swing Line Negotiated Rate Advances": collectively, the Swing Line Loans (or any portions thereof) at such time as they (or such portions) are made and/or being maintained at a rate of interest based on a Swing Line Negotiated Rate; each a "Swing Line Negotiated Rate Advance".

"Swing Line Termination Date": the date which is 30 days prior to the Expiration Date.

"Swiss Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany & Co. Watch Factory S.A., a corporation organized under the laws of Switzerland and whose principal office is located in Switzerland.

"Swiss Francs": freely transferable lawful money of Switzerland.

"Taiwanese Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Taiwan and which shall become a Borrower pursuant to Section 2.23 hereof.

"Tax": any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature and whatever called, by a Governmental Authority, on whomsoever and wherever imposed, levied, collected, withheld or assessed.

"Tax on the Income": as to any Person, a Tax imposed by one of the following jurisdictions or by any political subdivision or taxing authority thereof: (i) the United States, (ii) the jurisdiction in which such Person is organized, (iii) the jurisdiction in which such Person's principal office is located, or (iv) in the case of each Lender or Swingline Lender, any jurisdiction in which such Person is deemed to be doing business; which Tax is an income tax or franchise tax imposed on all or part of the net income or net profits of such Person or which Tax represents interest, fees, or penalties for late payment of such an income tax or franchise tax.

"Termination Event": with respect to any Pension Plan, (a) a Reportable Event, (b) the termination of a Pension Plan under Section 4041(c) of ERISA, or the filing of a notice of intent to terminate a Pension Plan under Section 4041(c) of ERISA, or the treatment of a Pension Plan amendment as a termination under Section 4041(e) of ERISA, (c) the institution of

proceedings by the PBGC to terminate a Pension Plan under Section 4042 of ERISA, or (d) the appointment of a trustee to administer any Pension Plan under Section 4042 of ERISA.

"Thai Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Thailand and which shall become a Borrower pursuant to Section 2.23 hereof.

"Thai Baht": freely transferable lawful money of Thailand.

"Tiffany Japan": Tiffany & Co. Japan Inc., a Delaware corporation.

"Total Debt": as of any date, all Indebtedness of the Parent and its Subsidiaries on a Consolidated basis on such date.

"Unfunded Pension Liabilities": with respect to any Pension Plan (other than a Multiemployer Plan), as of the last day of the fiscal year of such Pension Plan preceding the time in question, the amount determined by taking the accumulated benefit obligation, as disclosed in accordance with Statement of Accounting Standards No. 87, "Employers' Accounting for Pensions", over the fair market value of Pension Plan assets.

"United States": the United States of America (including the States thereof and the District of Columbia).

"Upstream Dividends": as defined in Section 8.9.

"Unrecognized Retiree Welfare Liability": with respect to any Employee Benefit Plan that provides postretirement benefits other than pension benefits, the amount of the transition obligation, as determined in accordance with Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," as of the most recent valuation date, that has not been recognized as an expense in the income statement of the Parent and its Consolidated Subsidiaries, provided that (i) prior to the date such Statement is applicable to the Parent, such amount shall be based on an estimate made in good faith of the transition obligation, and (ii) for purposes of determining the aggregate amount of the Unrecognized Retiree Welfare Liability, Plans maintained by a Consolidated Subsidiary of the Parent that is not otherwise an ERISA Affiliate shall be included.

B. Principles of Construction

(a) All capitalized terms defined in this Agreement shall have the meanings given such capitalized terms herein when

used in the other Loan Documents or any certificate, opinion or other document made or delivered pursuant hereto or thereto, unless otherwise expressly provided therein.

(b) As used in the Loan Documents and in any certificate, opinion or other document made or delivered pursuant thereto, accounting terms not defined in Section 1.1, and accounting terms partly defined in Section 1.1 to the extent not defined, shall have the respective meanings given to them under GAAP. Unless otherwise expressly provided herein, the word "fiscal" when used herein shall refer to the relevant fiscal period of the Parent.

(c) The words "hereof", "herein", "hereto" and "hereunder" and similar words when used in each Loan Document shall refer to such Loan Document as a whole and not to any particular provision of such Loan Document, and Section, schedule and exhibit references contained therein shall refer to Sections thereof or schedules or exhibits thereto unless otherwise expressly provided therein.

(d) All references herein to a time of day shall mean the then applicable time in New York, New York, unless otherwise expressly provided herein.

(e) Section headings have been inserted herein and in the other Loan Documents for convenience only and shall not be construed to be a part hereof or thereof. Unless the context otherwise requires, words in the singular number include the plural, and words in the plural include the singular.

(f) Whenever in any Loan Document or in any certificate or other document made or delivered pursuant thereto, the terms thereof require that a Person sign or execute the same or refer to the same as having been so signed or executed, such terms shall mean that the same shall be, or was, duly signed or executed by (i) in respect of any Person that is a corporation, any duly authorized officer thereof, and (ii) in respect of any other Person (other than an individual), any analogous counterpart thereof.

(g) The words "include" and "including", when used in each Loan Document, shall mean that the same shall be included "without limitation", unless otherwise specifically provided.

II. AMOUNT AND TERMS OF LOANS AND LETTERS OF CREDIT

A. Loans

(a) Subject to the terms and conditions hereof, each Lender severally agrees from time to time during the Commitment

Period to make revolving credit loans to one or more of the Core Currency Borrowers in the respective Applicable Currencies (each a "Revolving Loan" and, as the context may require, collectively with all other Revolving Loans of such Lender and with the Revolving Loans of all other Lenders, the "Revolving Loans"), provided, however, that immediately after giving effect thereto, (i) the Aggregate Credit Exposure shall not exceed the Aggregate Commitments, and (ii) with respect to each Lender, (I) the aggregate principal amount of all Revolving Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (II) the aggregate principal amount of all Individual Currency Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (III) the SL/LC Credit Exposure of such Lender, shall not exceed such Lender's Commitment. During the Commitment Period, the Core Currency Borrowers may borrow, prepay in whole or in part and reborrow Revolving Loans under the Aggregate Commitments, all in accordance with the terms and conditions of this Agreement.

(b) Subject to the terms and conditions hereof, Revolving Loans, (i) if to be made in Dollars (each a "Dollar Revolving Loan" and, collectively, the "Dollar Revolving Loans"), shall be made to one or more Domestic Borrowers and shall, at the option of such Domestic Borrowers, be either ABR Advances or Eurodollar Advances, (ii) if to be made in French Francs, shall be made to the French Borrower, (iii) if to be made in German Marks, shall be made to the German Borrower, (iv) if to be made in Japanese Yen, shall be made to the Japanese Borrower, and (v) if to be made in Sterling Pounds, shall be made to the Sterling Borrower. The Revolving Loans, together with all accrued and unpaid interest thereon, shall mature and be due and payable in the Applicable Currency on the Maturity Date.

(c) Subject to and upon the terms and conditions set forth herein, the Swing Line Lender in its individual capacity agrees to make at any time and from time to time during the Swing Line Commitment Period, a loan or loans (each a "Swing Line Loan" and, collectively, the "Swing Line Loans") to one or more of the Swing Line Borrowers, which Swing Line Loans (i) shall, at the option of the applicable Swing Line Borrower, be made and maintained as Dollar Swing Line Loans or Alternate Currency Swing Line Loans in an Available Alternate Currency, (ii) may be repaid and reborrowed in accordance with the provisions hereof, (iii) shall not, immediately after giving effect thereto, result in the Aggregate Credit Exposure exceeding the Aggregate Commitments, and (iv) shall not, immediately after giving effect thereto, result in the aggregate outstanding principal amount of all Swing Line Loans (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Swing Line Loan) exceeding the Swing Line Commitment. The Swing Line Lender shall not be

obligated to make any Swing Line Loans at a time when any Lender (other than the Swing Line Lender) shall be in default of its obligations under this Agreement unless the Swing Line Lender has entered into arrangements satisfactory to it and the Parent to eliminate the Swing Line Lender's risk with respect to each defaulting Lender's participation in such Swing Line Loans. The Swing Line Lender will not make a Swing Line Loan (i) if the Administrative Agent or any Lender by notice to the Swing Line Lender, the Parent and the affected Swing Line Borrower prior to the time such Swing Line Loan is to be made, shall have determined that any of the applicable conditions set forth in Sections 5 and 6 have not been satisfied and such conditions remain unsatisfied as of the requested time of making such Swing Line Loan or (ii) to the extent that immediately after giving effect thereto the Aggregate Credit Exposure would exceed the Aggregate Commitments (each a "Non-Swing Loan Event"). Swing Line Loans shall mature and be due and payable on the earlier of, with respect to each Swing Line Negotiated Rate Advance and Swing Line Loan maintained as an ABR Advance, (x) the last day of the Swing Line Interest Period applicable thereto and (y) the Maturity Date. Subject to the terms and conditions hereof, Swing Line Loans, (i) if to be made in Dollars (each a "Dollar Swing Line Loan" and, collectively, the "Dollar Swing Line Loans"), shall be made to one or more Domestic Borrowers and shall be ABR Advances, (ii) if to be made in French Francs, shall be made to the French Borrower, (iii) if to be made in German Marks, shall be made to the German Borrower, (iv) if to be made in Japanese Yen, shall be made to the Japanese Borrower, and (v) if to be made in Sterling Pounds, shall be made to the Sterling Borrower.

(d) On any Business Day, the Swing Line Lender may, in its sole discretion, give notice to the Lenders and the Parent (on behalf of all Swing Line Borrowers) that its outstanding Swing Line Loans shall be funded with a borrowing of Revolving Loans (provided that such notice shall be deemed to have been automatically given upon the occurrence of a Default or an Event of Default under Sections 9.1(g) or (h)), in which case one or more borrowings of Revolving Loans constituting ABR Advances (or constituting one or more Eurodollar Advances specified by the Parent in accordance with Section 2.3(a)) or Alternate Currency Revolving Loans with a one month Euro Interest Period (or such other Euro Interest Period(s) specified by the Parent in accordance with Section 2.3(a)) in the Applicable Currency, as the case may be (each such borrowing a "Mandatory Borrowing"), shall be made on the fifth Business Day immediately succeeding such notice by all Lenders pro rata based on each such Lender's Availability Percentage immediately prior thereto but after giving effect to any prepayment of Revolving Loans, Individual Currency Loans, or Swing Line Loans, or any payment of reimbursement obligations in respect of the Letters of Credit, to be made simultaneously therewith, and the proceeds thereof shall

be applied directly to the Swing Line Lender to repay the Swing Line Lender for such outstanding Swing Line Loans. Each Lender hereby irrevocably agrees to make Revolving Loans in Dollars or the Applicable Currency, as the case may be, pursuant to each Mandatory Borrowing in respect of any Swing Line Loan in the amount and in the manner specified in the preceding sentence and on the date specified in writing by the Swing Line Lender notwithstanding (i) the amount of the Mandatory Borrowing may not comply with the minimum amount for Loans otherwise required hereunder, (ii) whether any conditions specified in Sections 5 and 6 are then satisfied, (iii) whether a Default or an Event of Default then exists, (iv) the date of such Mandatory Borrowing, (v) the aggregate principal amount of all Loans then outstanding (determined on the basis of the Dollar Equivalent of each outstanding Alternate Currency Loan), (vi) the Aggregate Credit Exposure at such time and (vii) the amount of the Aggregate Commitments at such time, provided that no Non-Swing Loan Event shall have occurred and be continuing with respect to such Swing Line Loan. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including as a result of the commencement of any proceeding referred to in Sections 9.1(g) or (h)) then each Lender hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Parent or the applicable Swing Line Borrower on or after such date and prior to such purchase) from the Swing Line Lender such assignments in each outstanding Swing Line Loan as shall be necessary to cause the Lenders to share in each such Swing Line Loan ratably based upon their respective Availability Percentages at such time, provided that no Non-Swing Loan Event shall have occurred and be continuing with respect to such Swing Line Loan, and provided further that all interest payable on each such Swing Line Loan shall be for the account of the Swing Line Lender until the date as of which the respective assignment therein is purchased and, to the extent attributable to the purchased assignment, shall be payable to the relevant Lender from and after such date. Each Lender agrees promptly to indemnify the Swing Line Lender for any costs or expenses the Swing Line Lender may incur as a result of the failure of such Lender to fulfill its obligations under this Section 2.1(d).

(e) Subject to the terms and conditions hereof, each Lender in its individual capacity agrees to make at any time and from time to time during the Commitment Period a loan or loans under one or more of its Individual Currency Commitments (each an "Individual Currency Loan" and, as the context may require, collectively with all other Individual Currency Loans of such Lender and, as the context may require, with the Individual Currency Loans of all other Lenders, the "Individual Currency Loans") to one or more of the applicable Non-Core Currency Borrowers in the respective Applicable Currencies, provided, however, that

immediately after giving effect thereto:

(i) the Aggregate Credit Exposure shall not exceed the Aggregate Commitments,

(ii) the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies shall not exceed \$60,000,000,

(iii) with respect to any Applicable Currency, (x) the aggregate principal amount of the Individual Currency Loans of such Lender designated in such Applicable Currency shall not exceed such Lender's Individual Currency Commitment for such Applicable Currency and (y) the sum of the aggregate principal amount of the Individual Currency Loans of all Lenders in such Applicable Currency and the Letter of Credit Exposure attributable to all Letters of Credit issued in such Applicable Currency (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan and each such Letter of Credit) shall not exceed \$5,000,000, and

(iv) with respect to each Lender (x) the aggregate principal amount of all Individual Currency Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (y) the aggregate principal amount of all Revolving Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (z) the SL/LC Credit Exposure of such Lender, shall not exceed such Lender's Commitment.

During the Commitment Period, the Non-Core Currency Borrowers may borrow, prepay in whole or in part and reborrow Individual Currency Loans under the Aggregate Individual Currency Commitments, all in accordance with the terms and conditions of this Agreement.

(f) Subject to the terms and conditions hereof, Individual Currency Loans, (i) if to be made in Australian Dollars, shall be made to the Australian Borrower, (ii) if to be made in Canadian Dollars, shall be made to the Canadian Borrower, (iii) if to be made in Hong Kong Dollars, shall be made to the Hong Kong Borrower, (iv) if to be made in Italian Lira, shall be made to the Italian Borrower, (v) if to be made in Korean Won, shall be made to the Korean Borrower, (vi) if to be made in Malaysian Ringgit, shall be made to the Malaysian Borrower, (vii) if to be made in Mexican Pesos, shall be made to the Mexican Borrower, (viii) if to be made in Philippine Pesos, shall be made to the Philippine Borrower, (ix) if to be made in Singaporean Dollars, shall be made to the Singaporean Borrower, (x) if to be

made in Swiss Francs, shall be made to the Swiss Borrower, (xi) if to be made in New Taiwan Dollars, shall be made to the Taiwanese Borrower, and (xii) if to be made in Thai Baht, shall be made to the Thai Borrower. Each Individual Currency Loan shall be due and payable on the earlier of (x) the last day of the Individual Currency Interest Period applicable thereto and (y) the Maturity Date.

B. Minimum Amount of Each Borrowing

(a) The aggregate principal amount of each borrowing of Revolving Loans shall not (x) in the case of Revolving Loans constituting ABR Advances, be less than \$500,000 or such amount and a whole multiple of \$100,000 in excess thereof, and (y) in the case of Eurodollar Advances and Core Currency Euro Advances, be less than \$500,000 or such amount and a whole multiple of \$100,000 in excess thereof (or an amount in the applicable Alternate Currency having a Dollar Equivalent of approximately \$500,000 or such amount plus a whole multiple of approximately \$100,000 in excess thereof in the case of a borrowing of Alternate Currency Revolving Loans), provided, in each case that Mandatory Borrowings shall be made in the amounts required by Section 2.1(d).

(b) The aggregate principal amount of each borrowing of Swing Line Loans shall not be less than \$100,000 or such amount plus a multiple of \$50,000 in excess thereof (or an amount in the applicable Alternate Currency having a Dollar Equivalent of approximately \$100,000 or such amount plus a whole multiple of approximately \$50,000 in excess thereof in the case of a borrowing of Alternate Currency Swing Line Loans).

(c) The aggregate principal amount of each borrowing of Individual Currency Loans shall not be less than an amount in the applicable Non-Core Alternate Currency having a Dollar Equivalent of approximately \$100,000 or such amount plus a whole multiple of approximately \$50,000 in excess thereof.

(d) At no time shall the aggregate outstanding number (whether as a result of borrowings or conversions), of all (x) Eurodollar Advances exceed 5, (y) all Core Currency Euro Advances exceed 10 and (z) all Individual Currency Loans exceed 18.

(e) The aggregate number of all Bid Requests shall not exceed 12 (or such other number as the Parent and the Administrative Agent shall agree from time to time) in any fiscal quarter.

C. Notice of Borrowing

(a) Whenever a Borrower desires to borrow Loans hereunder (excluding Swing Line Loans, Bid Loans, Negotiated Rate

Loans, Individual Currency Loans and Mandatory Borrowings), the Parent and such Borrower shall give the Administrative Agent at its office set forth in Section 11.2 (i) no later than 10:00 A.M. on the date that an ABR Advance is to be made written notice (or telephonic notice promptly confirmed in writing) of each ABR Advance, (ii) no later than 10:00 A.M. at least two Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Eurodollar Advance and (iii) no later than 11:00 A.M. at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Alternate Currency Loan (other than an Individual Currency Loan) to be made hereunder, provided that any such notice shall be deemed to have been given on a certain day only if given before 10:00 A.M. on such day in the case of clauses (i) and (ii) above and 11:00 A.M. on such day in the case of clause (iii) above. Each such written notice or written confirmation of telephonic notice (each a "Notice of Borrowing"), shall be irrevocable and shall be given by the Parent and the applicable Borrower in the form of Exhibit C, appropriately completed to specify (A) the name of such Borrower, (B) the date of such borrowing (which shall be a Business Day), (C) the Applicable Currency for such Loans, (D) the aggregate principal amount of the Loans to be made (stated in the Applicable Currency), (E) in the case of Dollar Loans, whether the Loans being made are to be initially maintained as ABR Advances or Eurodollar Advances and (F) in the case of all Loans (other than ABR Advances), the initial Interest Period to be applicable thereto. The Administrative Agent shall promptly give each Lender notice of such proposed borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

(b) (i) Whenever a Swing Line Borrower desires to borrow Swing Line Loans hereunder, the Parent and such Swing Line Borrower shall give the Swing Line Lender a Notice of Borrowing (or telephonic notice promptly confirmed by delivery of a Notice of Borrowing) at its office set forth in Section 11.2 no later than (x) 1:00 P.M. on the requested Borrowing Date in respect of a Dollar Swing Line Loan, (y) 10:00 A.M. at least one Business Day prior to the requested Borrowing Date in respect of an Alternate Currency Swing Line Loan in Sterling Pounds and (z) 10:00 A.M. at least two Business Days prior to the requested Borrowing Date in respect of any other Alternate Currency Swing Line Loan, provided, that any such notice shall be deemed to have been given on a certain day only if given before 1:00 P.M. on such day in the case of clause (x) above or 10:00 A.M. on such day in the case of clause (y) or (z) above. Each such notice shall be irrevocable and specify in each case (A) the name of such Swing Line Borrower, (B) the date of such incurrence (which shall be a Business Day) (C) the Applicable Currency for such Swing Line Loans, (D) the aggregate principal amount of such Swing Line Loans (stated in the Applicable Currency) and (E) the

requested amount and the requested Swing Line Interest Period and maturity date with respect to each Swing Line Negotiated Rate Advance and Swing Line Loan made as an ABR Advance. Upon receipt from the Parent and the applicable Swing Line Borrower of a Notice of Borrowing which requests one or more Swing Line Negotiated Rate Advances, the Swing Line Lender shall, following discussion with the Parent regarding the proposed Swing Line Negotiated Rate for such Swing Line Negotiated Rate Advance, confirm in writing to the Parent the applicable Swing Line Negotiated Rate (x) 12:00 Noon one Business Day prior to the requested Borrowing Date in the case of a Swing Line Negotiated Rate Advance in Sterling Pounds and (y) 12:00 Noon two Business Days prior to the requested Borrowing Date in the case of a Swing Line Negotiated Rate Advance in a Core Currency (other than Dollars and Sterling Pounds).

(ii) Mandatory Borrowings shall be made upon the notice specified in Section 2.1(d), with each Swing Line Borrower irrevocably agreeing, by its borrowing of any Swing Line Loan, to the making of the Mandatory Borrowings as set forth in Section 2.1(d).

(c) Whenever any Non-Core Currency Borrower desires to borrow Individual Currency Loans hereunder, the Parent and such Non-Core Currency Borrower shall give the applicable Lenders and the Administrative Agent at their respective offices set forth in 11.2 a Notice of Borrowing (or telephonic notice promptly confirmed by delivery of a Notice of Borrowing) no later than 11:00 A.M. at least three Business Days' prior to the requested Borrowing Date in respect of such Individual Currency Loans, provided that any such notice shall be deemed to have been given on a certain day only if given before 11:00 A.M. on such day. Upon its receipt of any such Notice of Borrowing, the Administrative Agent shall promptly confirm in writing its receipt of such Notice of Borrowing to each applicable Lender; only upon receipt by such Lender of such written confirmation from the Administrative Agent will such Notice of Borrowing become effective. Each such notice of the Borrower shall be irrevocable and shall specify (A) the name of such Non-Core Borrower, (B) the date of such borrowing (which shall be a Business Day), (C) the Applicable Currency for such Individual Currency Loans, (D) the aggregate principal amount of such Individual Currency Loans (stated in the Applicable Currency), and (E) the Interest Period to be applicable thereto.

(d) Without in any way limiting the obligation of any Borrower to confirm in writing any telephonic notice of any incurrence of Loans, the Administrative Agent or the Swing Line Lender (in the case of any borrowing of Swing Line Loans), as the case may be, may act without liability upon the basis of telephonic notice of such borrowing, believed by the Administrative Agent or the Swing Line Lender, as the case may be, in good faith

to be from such Borrower prior to receipt of written confirmation.

D. Disbursement of Funds

(a) Revolving Loans and Swing Line Loans. No later than 12:00 Noon (local time in the city in which the proceeds of Loans (other than Bid Loans, Negotiated Rate Loans and Individual Currency Loans) are to be made available in accordance with the terms hereof) on the date specified in each Notice of Borrowing (or no later than 5:00 P.M. (New York City time) on the date specified for the borrowing of each Dollar Swing Line Loan and each Dollar Revolving Loan), each Lender will make available its pro rata portion of the Loans requested to be made on such date (or in the case of Swing Line Loans, the Swing Line Lender shall make available the full amount thereof), in the Applicable Currency. All such Loans shall be made available in immediately available funds at the Applicable Payment Office of the Administrative Agent, and the Administrative Agent will make available to the applicable Borrower at such Applicable Payment Office, in the Applicable Currency, and in immediately available funds, the aggregate of the amounts so made available by the Lenders prior to 2:30 P.M. (local time in the city in which the proceeds of such Loans are to be made available in accordance with the terms hereof) on such day (or 5:00 P.M. (New York City time) on such day for Dollar Swing Line Loans and Dollar Revolving Loans), in each case to the extent of funds actually received by the Administrative Agent.

(b) Bid Loans. No later than 12:00 Noon (local time in the city in which the proceeds of such Bid Loans are to be made available in accordance with the terms hereof) on the relevant Borrowing Date, each Lender whose Bid was accepted by the applicable Borrower shall make available the proceeds of such Lender's Bid Loan(s) (x) in the case of Dollar Bid Loans, to the Administrative Agent at its Applicable Payment Office and (y) in the case of Alternate Currency Bid Loans, directly to such Borrower at such Lender's Applicable Payment Office, in each case in immediately available funds in the Applicable Currency. Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, if directed by the Required Lenders and with the consent of the Administrative Agent, the proceeds of all such Bid Loans shall be made available in immediately available funds at the Applicable Payment Office of the Administrative Agent. All amounts made available to the Administrative Agent on the applicable Borrowing Date pursuant to the preceding two sentences will then be made available on such date to the applicable Borrower by the Administrative Agent at the Applicable Payment Office of the Administrative Agent to the extent of funds actually received by the Administrative Agent no later than 2:30 P.M. (local time in the city in which the proceeds of such loans are to be made available in accordance

with the terms hereof).

(c) Negotiated Rate Loans. No later than 12:00 Noon (local time in the city in which the proceeds of such Negotiated Rate Loans are to be made available in accordance with the terms hereof) on the relevant Borrowing Date for each Negotiated Rate Loan, the applicable Lender shall make available the proceeds of such Negotiated Rate Loan (x) in the case of Dollar Negotiated Rate Loans, to the Administrative Agent at its Applicable Payment Office and (y) in the case of Alternate Currency Negotiated Rate Loans, directly to the applicable Borrower at such Lender's Applicable Payment Office, in each case in immediately available funds in the Applicable Currency. Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, if directed by the Required Lenders and with the consent of the Administrative Agent, the proceeds of all such Negotiated Rate Loans shall be made available in immediately available funds at the Applicable Payment Office of the Administrative Agent. All amounts made available to the Administrative Agent on the applicable Borrowing Date pursuant to the preceding two sentences will then be made available on such date to the applicable Borrower by the Administrative Agent at the Applicable Payment Office of the Administrative Agent to the extent of funds actually received by the Administrative Agent no later than 2:30 P.M. (local time in the city in which the proceeds of such loans are to be made available in accordance with the terms hereof).

(d) Individual Currency Loans. No later than 12:00 Noon (local time in the city in which the proceeds of such Individual Currency Loans are to be made available in accordance with the terms hereof) on the relevant Borrowing Date for each Individual Currency Loan, the applicable Lender shall make available the proceeds of such Individual Currency Loan directly to the applicable Borrower at such Lender's Applicable Payment Office, in each case in immediately available funds in the Applicable Currency. Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, if directed by the Required Lenders and with the consent of the Administrative Agent, the proceeds of all such Individual Currency Loans shall be made available in immediately available funds at the Applicable Payment Office of the Administrative Agent. All amounts made available to the Administrative Agent on the applicable Borrowing Date pursuant to the preceding two sentences will then be made available on such date to the applicable Borrower by the Administrative Agent at the Applicable Payment Office of the Administrative Agent to the extent of funds actually received by the Administrative Agent no later than 2:30 P.M. (local time in the city in which the proceeds of such loans are to be made available in accordance with the terms hereof).

(e) Failure to Fund. Unless the Administrative Agent shall have been notified by a Lender prior to the making of any

Loans that such Lender does not intend to make available to the Administrative Agent either (w) such Lender's portion of the Loans (other than Bid Loans, Individual Currency Loans and Negotiated Rate Loans) to be made on such date, (x) such Lender's Bid Loan which is to be made available to the Administrative Agent, (y) such Lender's Negotiated Rate Loan which is to be made available to the Administrative Agent or (z) such Lender's Individual Currency Loan which is to be made available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such Borrowing Date and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with all costs and expenses incurred by the Administrative Agent in connection therewith. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the applicable Borrower. The Administrative Agent shall be entitled to recover on demand from such Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to such Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to the Federal Funds Rate in effect (or in the case of Alternate Currency Loans, at a rate based upon the all-in cost of funds for the Applicable Currency) on each such day (as determined by the Administrative Agent). If such corresponding amount is not made available by such Lender to the Administrative Agent within one Business Day after such Borrowing Date, the Administrative Agent shall also be entitled to receive from the applicable Borrower such amount, together with (w) in the case of a Loan (other than a Bid Loan, an Individual Currency Loan and a Negotiated Rate Loan), the rate of interest applicable to such Loan as determined pursuant to Section 2.8, (x) in the case of Bid Loan, the applicable interest rate for such Bid Loan (or in the case of Alternate Currency Bid Loans, at a rate based upon the all-in cost of funds for the Applicable Currency) (y) in the case of a Negotiated Rate Loan, the applicable interest rate for such Negotiated Rate Loan (or in the case of Alternate Currency Negotiated Rate Loans, at a rate based upon the all-in cost of funds for the Applicable Currency), or (z) in the case of an Individual Currency Loan, the applicable rate based upon the all-in cost of funds for the Applicable Currency. Nothing in this Section shall be deemed to relieve any Lender from its obligation to make Loans hereunder or to prejudice any rights which the applicable Borrower may have against any Lender as a result of any failure by such Lender to make Loans hereunder.

(f) Borrower Accounts. Each Loan made to a Borrower

shall be made to its applicable payment account specified on Exhibit T or such other account which it may from time to time specify by written notice to the Administrative Agent and the Lenders.

E. Payments.

(a) Loans and Fees. Except as otherwise specifically provided herein, each payment, including each prepayment, of principal and interest on the Revolving Loans, the Individual Currency Loans, the Negotiated Rate Loans, the Bid Loans, the Facility Fee and the Letter of Credit Commissions shall be made by the Borrowers to the Administrative Agent at its Applicable Payment Office in funds immediately available to the Administrative Agent at such office by 12:00 Noon (local time in the city in which such Applicable Payment Office is located) on the due date for such payment, provided, however, that unless an Event of Default has occurred and is continuing and the Required Lenders have directed the Administrative Agent and the Borrowers to the contrary, and the Administrative Agent shall have consented thereto, each payment, including each prepayment, of principal and interest on the Alternate Currency Bid Loans, the Alternate Currency Negotiated Rate Loans, and the Individual Currency Loans shall be made directly by the applicable Borrower to the applicable Lender at the Applicable Payment Office of such Lender by 12:00 Noon (local time in the city in which such Lender's Applicable Payment Office is located). Promptly upon receipt by the Administrative Agent of payments made to it pursuant to this Section 2.5(a), the Administrative Agent shall remit such payment in like funds as received to the Lenders (x) (i) in the case of the Facility Fee, according to the Commitment Percentage of each Lender, and (ii) in the case of the Letter of Credit Commissions, the average daily Availability Percentage of each Lender for the period in respect of which such payment was made and (y) pro rata according to the aggregate outstanding principal balance of the Revolving Loans, the applicable Individual Currency Loans, the applicable Negotiated Rate Loans or the applicable Bid Loans, as the case may be, of each Lender, in the case of principal and interest thereon. The Parent and each Lender shall promptly notify the Administrative Agent of the date and amount of each direct payment made by a Borrower to such Lender in respect of each Alternate Currency Bid Loan, each Alternate Currency Negotiated Rate Loan and each Individual Currency Loan pursuant to this Section 2.5(a).

(b) Swing Line Loans. Each payment, including each prepayment, of principal and interest on the Swing Line Loans shall be made by the applicable Swing Loan Borrower to the Administrative Agent at its Applicable Payment Office in funds immediately available to the Administrative Agent at such office by 12:00 Noon (local time in the city in which such Applicable Payment Office is located) on the due date for such payment and,

promptly upon receipt thereof by the Administrative Agent, shall be remitted by the Administrative Agent in like funds as received, to the Swing Line Lender.

(c) Late Payments. The failure of any of the Borrowers to make any such payment by the time required above in this Section 2.5 shall not constitute a default hereunder, provided that such payment is made on such due date, but any such payment made after 12:00 Noon (local time in the city in which such Applicable Payment Office is located) on such due date shall be deemed to have been made on the next Business Day for the purpose of calculating interest on amounts outstanding on the applicable Loans.

(d) Alternate Currencies. The principal of and interest on each Alternate Currency Loan shall be paid only in the Applicable Currency for such Alternate Currency Loan.

(e) Payments Due on Days Which are Not Business Days. If any payment hereunder shall be due and payable on a day which is not a Business Day, the due date thereof (except as otherwise provided herein) shall be extended to the next Business Day and with respect to payments in respect of principal and interest shall be payable at the applicable rate specified herein during such extension.

F. Conversions

(a) Each applicable Borrower shall have the option to convert on any Business Day all or a portion of the outstanding principal amount of ABR Advances (other than ABR Advances constituting Swing Line Loans), Eurodollar Advances or Core Currency Euro Advances into (i) in the case of an ABR Advance, one or more Eurodollar Advances, (ii) in the case of a Eurodollar Advance, one or more ABR Advances or one or more new Eurodollar Advances and (iii) in the case of a Core Currency Euro Advance, one or more new Core Currency Euro Advances of the same Core Currency, provided that (A) except as otherwise provided in Section 2.14(b), Eurodollar Advances may be converted into ABR Advances or new Eurodollar Advances only on the last day of the Interest Period applicable to the Eurodollar Advances being converted, (B) except as otherwise provided in Section 2.14(b), Core Currency Euro Advances may be converted into new Core Currency Euro Advances only on the last day of the Interest Period applicable to the Core Currency Euro Advances being converted, (C) the outstanding principal amount of the new Eurodollar Advances having the same Interest Period or the new Core Currency Euro Advances having the same Interest Period shall be in an amount equal to \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or an amount in the applicable Alternate Currency having a Dollar Equivalent of approximately \$500,000 or such amount plus a whole multiple of

approximately \$100,000 in excess thereof in the case of such Core Currency Euro Advances), (D) the outstanding principal amount of the new ABR Advances shall be in an amount equal to \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof, (E) ABR Advances or Eurodollar Advances may not be converted into Eurodollar Advances if any Default or Event of Default is in existence on the date of the conversion and the Administrative Agent or the Required Lenders have determined that such a conversion is not appropriate, and (F) no conversion pursuant to this Section shall result in a greater number of Eurodollar Advances or Core Currency Euro Advances than is permitted under Section 2.2(d).

(b) Each such conversion shall be effected by the applicable Borrower by giving the Administrative Agent, at its office set forth in Section 11.2 prior to 10:00 A.M. in the case of Dollar Loans, at least two Business Days prior written notice and, in the case of Core Currency Euro Advances, at least three Business Days prior written notice (each a "Notice of Conversion"), specifying the ABR Advances, the Eurodollar Advances or the Core Currency Euro Advances to be so converted, the date of such conversion (which shall be a Business Day) and, if to be converted into Eurodollar Advances or Core Currency Euro Advances, the Interest Period to be applicable thereto. The Administrative Agent shall give each Lender prompt notice of any such proposed conversion affecting any of its Loans.

(c) If with respect to the expiration of an existing Interest Period for a Eurodollar Advance or a Core Currency Euro Advance the applicable Borrower has failed to deliver a Notice of Conversion with respect thereto, such Borrower shall be deemed to have elected (i) if a Eurodollar Advance, to convert such Eurodollar Advance to an ABR Advance and (ii) if a Core Currency Euro Advance, to convert such Core Currency Euro Advance to a new Core Currency Euro Advance with a one month Interest Period, in either case effective as of the expiration date of such existing Interest Period.

G. Pro Rata Borrowings; Special Procedures and Assumptions

(a) Pro Rata Borrowings. In connection with each borrowing of Revolving Loans, each Lender shall make available an amount equal to the aggregate amount of such Revolving Loans, multiplied by such Lender's Availability Percentage calculated in accordance with Section 2.7(b). It is understood that no Lender shall be responsible for any default by any other Lender of its obligation to make Loans hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Loans hereunder.

(b) Special Procedures and Assumptions.

Notwithstanding anything to the contrary contained herein:

(i) all Notices of Borrowing and all Letter of Credit Requests to be delivered to the Administrative Agent on the same day shall be delivered to the Administrative Agent at the same time;

(ii) with respect to any Loans (other than a Bid Loan or a Negotiated Rate Loan) or Letters of Credit requested pursuant to one or more Notices of Borrowing or Letter of Credit Requests delivered to the Agent on the same day, during the period commencing on the date of such delivery to the Administrative Agent and ending on the Borrowing Date of the last such Loan or the date of issuance of the last such Letter of Credit to be made or issued pursuant to such Notices of Borrowing or Letter of Credit Requests (the "Borrowing/Issuance Period"):

(A) no additional Loan (other than a Bid Loan or a Negotiated Rate Loan) shall be requested to be made and no additional Letter of Credit shall be requested to be issued;

(B) no Loan (other than a Bid Loan or a Negotiated Rate Loan) shall be voluntarily prepaid; and

(C) neither the Aggregate Commitments, the Swing Line Commitment, any Individual Currency Commitment of any Lender, nor the Letter of Credit Commitment shall be voluntarily reduced;

(iii) for purposes of calculating the Availability Percentage for any Revolving Loans requested to be made during any Borrowing/Issuance Period:

(A) any payment of any Revolving Loan, Individual Currency Loan, Swing Line Loan or reimbursement obligation in respect of a Letter of Credit which is scheduled to be made during such Borrowing/Issuance Period shall be deemed to have been made immediately prior to the commencement of such Borrowing/Issuance Period;

(B) any Letter of Credit which is scheduled to expire or otherwise terminate during such Borrowing/Issuance Period shall be deemed to have expired or otherwise terminated immediately prior to the commencement of such Borrowing/Issuance Period;

(C) any Individual Currency Loans which are to be made during such Borrowing/Issuance Period shall be deemed to have been made immediately prior to the

making of any Revolving Loans or Swing Line Loans, or the issuance of any Letters of Credit, during such Borrowing/Issuance Period; and

(D) any Revolving Loans, Swing Line Loans and Letters of Credit which are to be made or issued during such Borrowing/Issuance Period shall be deemed to have been made and issued simultaneously; and

(iv) the Availability Percentage during any Borrowing/Issuance Period shall be determined by the Administrative Agent in accordance with this Section 2.7(b) on the first day of such Borrowing/Issuance Period and shall continue in effect through the last day of such Borrowing/Issuance Period.

H. Interest

(a) Each Domestic Borrower agrees to pay interest in respect of the unpaid principal amount of each ABR Advance made to such Domestic Borrower from the date thereof until the conversion or maturity (whether by acceleration or otherwise) of such ABR Advance, at a rate per annum which shall be equal to the sum of the Applicable Margin plus the Alternate Base Rate in effect from time to time.

(b) Each Domestic Borrower agrees to pay interest in respect of the unpaid principal amount of each Eurodollar Advance made to such Domestic Borrower from the date thereof until the conversion or maturity (whether by acceleration or otherwise) of such Eurodollar Advance, at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of the Applicable Margin plus the Eurodollar Rate for such Interest Period.

(c) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Core Currency Euro Advance made to such Borrower from the date thereof until the conversion or maturity (whether by acceleration or otherwise) of such Core Currency Euro Advance at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of the Applicable Margin plus the Core Currency Euro Rate for such Interest Period.

(d) Each Non-Core Currency Borrower agrees to pay interest in respect of the unpaid principal amount of each Individual Currency Loan made to such Non-Core Currency Borrower from the date thereof until the maturity (whether by acceleration or otherwise) of such Individual Currency Loan at a rate per annum which shall, during the Interest Period applicable thereto, be equal to the sum of the Applicable Margin plus the Individual Currency Rate for such Interest Period.

(e) Each Swing Line Borrower agrees to pay interest in respect of the unpaid principal amount of each Swing Line Negotiated Rate Advance made to such Swing Line Borrower from the date thereof until the maturity (whether by acceleration or otherwise) of such Swing Line Negotiated Rate Advance at a rate per annum which shall, during the Interest Period applicable thereto, be equal to the Swing Line Negotiated Rate for such Interest Period.

(f) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Bid Loan made to such Borrower from the date thereof until the maturity (whether by acceleration or otherwise) of such Bid Loan at a rate per annum which shall, during the Interest Period applicable thereto, be equal to the Bid Rate for such Interest Period.

(g) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Negotiated Rate Loan made to such Borrower from the date thereof until the maturity (whether by acceleration or otherwise) of such Negotiated Rate Loan at a rate per annum which shall, during the Interest Period applicable thereto, be equal to the Negotiated Rate for such Interest Period.

(h) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan shall, in each case, bear interest at a rate per annum equal to the rate which is 2% in excess of the rate applicable to such Loan (or in the case of a Dollar Bid Loan or a Dollar Negotiated Rate Loan, 2% in excess of the Alternate Base Rate, or in the case of an Alternate Currency Bid Loan, an Alternate Currency Swing Line Loan, an Alternate Currency Negotiated Rate Loan, an Individual Currency Loan or a Letter of Credit designated in an Alternate Currency, 2% in excess of the all-in rate determined by the applicable Lender, Issuing Bank or Swing Line Lender, as the case may be, as its cost of funds in the Applicable Currency or, in the case of such Letter of Credit, the applicable Currency) until paid in full (whether before or after the entry of a judgment thereon). If all or any portion of any reimbursement obligation in respect of a Letter of Credit designated in Dollars shall not be paid when due (whether at the stated maturity thereof, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the Alternate Base Rate plus 2%, from the date of such nonpayment until paid in full (whether before or after the entry of a judgment thereon). Any other overdue amount payable hereunder shall, to the extent permitted by law, bear interest at a rate per annum equal to the Alternate Base Rate plus 2% until paid in full (whether before or after the entry of a judgment thereon). All such interest shall be payable on demand.

(i) Accrued (and theretofore unpaid) interest shall be

payable (i) in respect of each ABR Advance constituting a Revolving Loan, quarterly in arrears on each Quarterly Payment Date, (ii) in respect of each Eurodollar Advance and each Core Currency Euro Advance, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the first day of such Interest Period, (iii) in respect of each Bid Loan, Negotiated Rate Loan, Individual Currency Loan, Swing Line Negotiated Rate Advance and ABR Advance made as a Swing Loan, on the last day of the Interest Period applicable thereto, and (iv) in respect of each Loan, on any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(j) The Administrative Agent shall determine the respective interest rate for each Interest Period applicable to a Eurodollar Advance or Core Currency Euro Advance for which such determination is being made and shall promptly notify the applicable Borrower and the Lenders thereof.

(k) Interest on all Loans shall be calculated on the basis of a 360 day year for the actual number of days elapsed except that interest on ABR Advances to the extent based on the BNY Rate, interest on Core Currency Euro Advances in Sterling Pounds and interest on Individual Currency Loans designated in Australian Dollars, Canadian Dollars, Italian Lira and New Taiwan Dollars shall be calculated on the basis of a 365 or 366-day year (as the case may be). Any change in the interest rate on the Loans resulting from a change in the Alternate Base Rate or the Federal Funds Rate shall become effective as of the opening of business on the day on which such change shall become effective. The Administrative Agent shall, as soon as practicable, notify the Parent (on behalf of all Borrowers) and the Lenders of the effective date and the amount of each change in the BNY Rate, but any failure so to notify shall not in any manner affect the obligation of the Borrowers to pay interest on the Loans in the amounts and on the dates required. Each determination of (i) the Alternate Base Rate, a Eurodollar Rate or a Core Currency Euro Rate by the Administrative Agent, (ii) an Individual Currency Rate by the applicable Lender, and (iii) an all-in cost of funds rate or any rate based thereon by the Administrative Agent or the Reference Lender, or such applicable Lender, as the case may be, in each case pursuant to this Agreement shall be conclusive and binding on all parties hereto absent manifest error. The Borrowers acknowledge that to the extent interest payable on ABR Advances is based on the BNY Rate, such Rate is only one of the bases for computing interest on loans made by the Lenders, and by basing interest payable on ABR Advances on the BNY Rate, the Lenders have not committed to charge, and the Borrowers have not in any way bargained for, interest based on a lower or the lowest rate at which the Lenders may now or in the future make loans to

other borrowers.

(l) Decreases in the Applicable Margin resulting from a change in Pricing Levels I, II, III, IV and/or V shall become effective upon the delivery by the Parent to the Administrative Agent of a certificate of the Responsible Officer certifying as to a change in the Rating by Moody's or S&P of the senior unsecured long term debt rating of the Parent. Increases in the Applicable Margin shall become effective on the effective date of any downgrade or withdrawal in the Rating by Moody's or S&P of the senior unsecured long term debt rating of the Parent.

(m) If the Reference Lender shall for any reason no longer be a Lender, it shall thereupon cease to be the Reference Lender. The Administrative Agent shall, by notice to the Borrowers and the Lenders, designate another Lender as the Reference Lender so that there shall at all times be at least one Reference Lender. The Reference Lender shall use its best efforts to furnish quotations of rates to the Administrative Agent on a timely basis as contemplated hereby.

I. Termination or Reduction of Aggregate Commitments, Swing Line Commitment, Individual Currency Commitments and Letter of Credit Commitment

(a) Voluntary Reductions. The Parent shall have the right, upon at least three Business Days' prior written notice to the Administrative Agent, at any time to terminate the Aggregate Commitments or the Letter of Credit Commitment or from time to time to reduce permanently the Aggregate Commitments or the Letter of Credit Commitment, provided, however, that any such reduction shall be in the amount of \$10,000,000 or such amount plus a whole multiple of \$1,000,000 in excess thereof.

(b) Swing Line Commitment. The Parent shall have the right, upon at least three Business Days' prior written notice to the Administrative Agent and the Swing Line Lender, at any time, to reduce permanently the Swing Line Commitment in whole at any time, or in part from time to time, to an amount not less than the aggregate principal balance of the Swing Line Loans then outstanding (after giving effect to any contemporaneous prepayment thereof) without premium or penalty, provided that each partial reduction of the Swing Line Commitment shall be in an amount equal to \$10,000,000 or such amount plus a whole multiple of \$1,000,000 in excess thereof.

(c) Individual Currency Commitments. The Parent shall have the right, upon at least three Business Days' prior written notice to the Administrative Agent and the applicable Lender, at any time, to reduce permanently any Individual Currency Commitment of such Lender in whole at any time, or in part from time to time, to an amount not less than the aggregate principal

balance of the Individual Currency Loans of such Lender then outstanding under such Individual Currency Commitment (after giving effect to any contemporaneous prepayment thereof) without premium or penalty provided that each partial reduction of such Individual Currency Commitment shall be in an amount in the applicable Non-Core Currency having a Dollar Equivalent of approximately \$1,000,000 or such amount plus a whole multiple of approximately \$1,000,000 in excess thereof.

(d) In General. Each reduction of the Aggregate Commitments shall be applied pro rata according to the Commitment Percentage of each Lender, and each reduction in the Letter of Credit Commitment shall be applied pro rata according to the Availability Percentage of each Lender at the time of such reduction. Simultaneously with each reduction of the Aggregate Commitments under this Section, the Borrowers shall pay the Facility Fee accrued on the amount by which the Aggregate Commitments have been reduced. Simultaneously with each reduction of the Aggregate Commitments, the Swing Line Commitment and the Individual Currency Commitments, the Borrowers shall prepay the Loans as required by Section 2.10. The Aggregate Commitments shall not be reduced below an amount equal to the Aggregate Credit Exposure (after giving effect to any prepayment of the Loans made simultaneously with such reduction of the Aggregate Commitments). The Aggregate Commitments shall not be reduced to the extent, immediately after giving effect thereto, the Commitment of any Lender would exceed the sum of (I) the aggregate principal amount of all Revolving Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (II) the aggregate principal amount of all Individual Currency Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (III) the SL/LC Credit Exposure of such Lender. The Letter of Credit Commitment shall not be reduced below an amount equal to the Letter of Credit Exposure.

J. Prepayments of the Loans

(a) Voluntary Prepayments. Each Borrower may, at its option, prepay the Loans made to such Borrower without premium or penalty, (x) in the case of Revolving Loans and Swing Loans, in full at any time or in part from time to time, and (y) in the case of Negotiated Rate Loans, Bid Loans and Individual Currency Loans, in full at any time, in each case by notifying the Administrative Agent in writing at least three Business Days prior to the proposed prepayment date, identifying the Loans to be prepaid as Revolving Loans, Swing Line Loans, Negotiated Rate Loans, Bid Loans or Individual Currency Loans and specifying whether the Loans to be prepaid consist of ABR Advances, Euro-dollar Advances, Core Currency Euro Advances or Swing Line Negotiated Rate Advances, or a combination thereof, the amount to

be prepaid and the date of prepayment. Such notice shall be irrevocable and the amount specified in such notice shall be due and payable on the date specified, together with accrued interest to the date of such payment on the amount prepaid. Upon receipt of such notice, the Administrative Agent shall promptly notify each Lender thereof in the case of Revolving Loans, the Swing Line Lender in the case of Swing Loans and the applicable Lender or Lenders in the case of Bid Loans, Negotiated Rate Loans and Individual Currency Loans. Each partial prepayment of ABR Advances pursuant to this subsection shall be in an aggregate principal amount of \$100,000 or such amount plus a whole multiple of \$50,000 in excess thereof, or, if less, the outstanding principal balance of the ABR Advances. After giving effect to any partial prepayment with respect to Eurodollar Advances or Core Currency Euro Advances which were made (whether as the result of a borrowing or a conversion) on the same date and which had the same Interest Period, the outstanding principal amount of such Eurodollar Advances or Core Currency Euro Advances shall equal (subject to Section 2.6) \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or the Alternate Currency Equivalent of approximately \$500,000 or such amount plus a whole multiple of approximately \$100,000 in excess thereof in the case of a prepayment of Core Currency Euro Advances).

(b) Mandatory Prepayments of Loans.

(i) Subject to clause (ii) below with respect to Swing Line Loans and clause (iii) below with respect to the Individual Currency Loans of each Lender, simultaneously with each reduction of the Aggregate Commitments under Section 2.9, the Borrowers shall prepay the Loans by the amount, if any, by which the Aggregate Credit Exposure exceeds the amount of the Aggregate Commitments as so reduced.

(ii) Simultaneously with each reduction of the Swing Line Commitment under Section 2.9, the Swing Line Borrowers shall prepay the Swing Line Loans by the amount, if any, by which the outstanding principal balance of the Swing Line Loans (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Swing Line Loan) exceeds the amount of the Swing Line Commitment as so reduced.

(iii) Simultaneously with each reduction of the Individual Currency Commitment of any Lender under Section 2.9, the applicable Non-Core Currency Borrower shall prepay the Individual Currency Loans made by such Lender to such Non-Core Currency Borrower under such Individual Currency Commitment by the amount, if any, by which the outstanding principal balance of such Individual Currency Loans exceeds the amount of such Individual Currency Commitment as so reduced.

(iv) If on any date that the Dollar Equivalent is

required to be calculated pursuant to Section 11.6 the Aggregate Credit Exposure shall exceed the Aggregate Commitments, the Borrowers shall prepay the Loans in an aggregate principal amount such that immediately after giving effect thereto, the Aggregate Credit Exposure shall not exceed the Aggregate Commitments.

(v) If on any date that the Dollar Equivalent is required to be calculated pursuant to Section 11.6 the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies shall exceed \$60,000,000, the Borrowers shall prepay such Loans in an aggregate principal amount such that immediately after giving effect thereto, the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies shall not exceed \$60,000,000.

(c) In General. If any prepayment is made in respect of any Eurodollar Advance, Core Currency Euro Advance, Swing Line Negotiated Rate Advance, Individual Currency Loan, Negotiated Rate Loan or Bid Loan, in whole or in part, prior to the last day of the Interest Period applicable thereto, the applicable Borrower agrees to indemnify the Lenders in accordance with Section 2.15.

K. Bid Loans; Procedure

(a) Each Borrower may make Bid Requests by 12:00 Noon (i) at least two Business Days prior to the proposed Borrowing Date for one or more Bid Loans. Each Bid Request shall be given to the Administrative Agent (which shall promptly on the same day give notice thereof to each Lender by facsimile of an Invitation to Bid if the Bid Request is not rejected pursuant to this Section), shall be by telephone (confirmed in writing promptly on the same day by the delivery of a Bid Request signed by the applicable Borrower), and shall specify (i) the proposed Borrowing Date, which shall be a Business Day, (ii) the aggregate amount of the requested Bid Loans (the "Maximum Request") which shall not (A) exceed an amount which, on the proposed Borrowing Date, and after giving effect to the proposed Bid Loans, would result in (x) the Aggregate Credit Exposure exceeding the Aggregate Commitments or (y) the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies exceeding \$60,000,000, or (B) with respect to each Bid Loan be less than \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or approximately the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans), (iii) the Bid Interest Period(s) (up to three Bid Interest Periods may be requested pursuant to each Bid Request) therefor and the last day of each such Interest Period and (iv) the Applicable Currency for each Bid Loan. A Bid Request that does not conform substantially to the form of Exhibit F shall be rejected, and the Administrative Agent shall promptly notify the

applicable Borrower of such rejection.

(b) Each Lender in its sole discretion may (but is not obligated to) submit one or more Bids to the Administrative Agent and the Parent not later than 9:30 A.M. (i) one Business Day prior to the proposed Borrowing Date specified in such Bid Request in the case of a Bid Loan (such 9:30 A.M. time on such Business Days each being herein called a "Bid Submission Deadline"), by fax or in writing, and thereby irrevocably offer to make all or any part (any such part referred to as a "Portion") of any Bid Loan described in the relevant Bid Request, at a rate of interest per annum (each a "Bid Rate") specified therein, in an aggregate principal amount of not less than \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or approximately the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans), provided that Bids submitted by the Administrative Agent may only be submitted if the Administrative Agent notifies the Parent and the applicable Borrower of the terms of its Bid not later than fifteen minutes prior to the Bid Submission Deadline. Multiple Bids may be delivered to and by the Administrative Agent. The aggregate Portions of Bid Loans for any or all Interest Periods offered by each Lender in its Bid may exceed the Maximum Request contained in the relevant Bid Request, provided that each Bid shall set forth the maximum aggregate amount of the Bid Loans offered thereby which the applicable Borrower may accept (the "Maximum Offer"), which Maximum Offer shall not exceed the Maximum Request.

(c) The Administrative Agent shall promptly give notice by telephone (promptly confirmed in writing) to the Parent and the applicable Borrower of all Bids received by the Administrative Agent which comply in all material respects with this Section prior to the Bid Submission Deadline. The applicable Borrower shall, in its sole discretion but subject to Section 2.11(d), irrevocably accept or reject any such Bid (or any Portion thereof) not later than 10:30 A.M. one Business Day prior to the proposed Borrowing Date by notice to the Administrative Agent by telephone (confirmed in writing in the form of a Bid Accept/Reject Letter promptly the same day). Promptly on the day of the Bid Submission Deadline, the Administrative Agent will give notice in the form of a Bid Loan Confirmation to each Lender that submitted a Bid as to the extent, if any, that such Lender's Bid shall have been accepted. If the Administrative Agent fails to receive notice from the applicable Borrower of its acceptance or rejection of any Bids at or prior to 10:30 A.M. on the applicable day, all such Bids shall be deemed to have been rejected by the applicable Borrower, and the Administrative Agent will give to each Lender which submitted a Bid notice of such rejection by telephone on such day.

(d) If the applicable Borrower accepts a Portion of a proposed Bid Loan for a single Interest Period at the Bid Rate

provided therefor in a Lender's Bid, such Portion shall be in a principal amount of \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or approximately the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans), subject to such lesser allocation as may be made pursuant to the provisions of this subsection. The aggregate principal amount of Bid Loans accepted by the applicable Borrower following Bids responding to a Bid Request shall not exceed the Maximum Request. The aggregate principal amount of Bid Loans accepted by the applicable Borrower pursuant to a Lender's Bid shall not exceed the Maximum Offer therein contained. If the applicable Borrower accepts any Bid Loans or Portion offered in any Bid, the applicable Borrower must accept Bids (and Bid Loans and Portions thereby offered) based exclusively upon the successively lowest Bid Rates within each Interest Period and no other criteria. If two or more Lenders submit Bids with identical Bid Rates for the same Bid Interest Period and the applicable Borrower accepts any thereof, the applicable Borrower shall, subject to the first three sentences of this subsection, accept all such Bids as nearly as possible in proportion to the amounts of such Lender's respective Bids with identical Bid Rates for such Bid Interest Period, provided, that if the amount of Bid Loans to be so allocated is not sufficient to enable each such Lender to make such Bid Loan (or Portions thereof) in an aggregate principal amount of \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans), the applicable Borrower shall round the Bid Loans (or Portions thereof) allocated to such Lender or Lenders as the applicable Borrower shall select as necessary to a minimum of \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans).

(e) Each Lender which makes a Bid Loan shall notify the Administrative Agent promptly of the making thereof (unless the proceeds of such Bid Loan were advanced to the Administrative Agent).

(f) All notices required by this Section shall be given in accordance with Section 11.2.

(g) Each Bid Loan shall be due and payable on the earlier of (x) the last day of the Interest Period applicable thereto and (y) the Maturity Date.

L. Negotiated Rate Loans; Procedure

(a) If at any time any Borrower, any Lender and the Parent shall have agreed that such Lender shall make a Negotiated Rate Loan to such Borrower, such Borrower and the Parent shall promptly execute and deliver to such Lender a Negotiated Rate

Confirmation Request, specifying (i) the proposed Borrowing Date, which shall be a Business Day, (ii) the aggregate amount of the requested Negotiated Rate Loan which shall not (A) exceed an amount which, on the proposed Borrowing Date, and after giving effect to the proposed Negotiated Rate Loan, would result in (x) the Aggregate Credit Exposure exceeding the Aggregate Commitments or (y) the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies exceeding \$60,000,000, or (B) be less than \$100,000 or such amount plus a whole multiple of \$50,000 in excess thereof (or approximately the Dollar Equivalent thereof in the case of Alternate Currency Negotiated Rate Loans), (iii) the applicable rate of interest therefor (the "Negotiated Rate"), (iv) the Negotiated Rate Interest Period therefor and the last day of such Negotiated Rate Interest Period, and (v) the Applicable Currency therefor. If such Negotiated Rate Confirmation Request is in all respects satisfactory to such Lender, it shall promptly sign a copy thereof and deliver a copy thereof to such Borrower, the Parent and the Administrative Agent (the "Negotiated Rate Confirmation").

(b) Each Lender which makes a Negotiated Rate Loan shall notify the Administrative Agent promptly of the making thereof (unless the proceeds of such Negotiated Rate Loan were advanced to the Administrative Agent).

(c) All notices required by this Section shall be given in accordance with Section 11.2.

(d) Each Negotiated Rate Loan shall be due and payable on the earlier of (x) the last day of the Interest Period applicable thereto and (y) the Maturity Date.

M. Taxes

(a) Payments to Be Free and Clear. All payments by each Borrower under the Loan Documents shall be made free and clear of, and without any deduction or withholding for, any Indemnified Tax. If any Credit Party or any other Person is required by any law, rule, regulation, order, directive, treaty or guideline to make any deduction or withholding (which deduction or withholding would constitute an Indemnified Tax) from any amount required to be paid by any Credit Party to or on behalf of any Indemnified Tax Person under any Loan Document (each a "Required Payment"):

(i) such Credit Party shall notify the Administrative Agent and such Indemnified Tax Person of any such requirement or any change in any such requirement as soon as such Credit Party becomes aware of it;

(ii) such Credit Party shall pay such Indemnified Tax before the date on which penalties attach thereto, such

payment to be made (if the liability to pay is imposed on such Credit Party) for its own account or (if the liability is imposed on such Indemnified Tax Person) on behalf of and in the name of such Indemnified Tax Person;

(iii) such Credit Party shall pay to such Indemnified Tax Person an additional amount such that such Indemnified Tax Person shall receive on the due date therefor an amount equal to the Required Payment had no such deduction or withholding been required; and

(iv) such Credit Party shall, within 30 days after paying such Indemnified Tax, deliver to the Administrative Agent and the applicable Indemnified Tax Person satisfactory evidence of such payment to the relevant Governmental Authority.

(b) Other Indemnified Taxes. If an Indemnified Tax Person or any affiliate thereof is required by any law, rule, regulation, order, directive, treaty or guideline to pay any Indemnified Tax (excluding an Indemnified Tax which is subject to Section 2.13(a)) with respect to any sum paid or payable by any Credit Party to such Indemnified Tax Person under the Loan Documents:

(i) such Indemnified Tax Person shall notify such Credit Party of any such payment of Indemnified Tax; and

(ii) such Credit Party shall pay to such Indemnified Tax Person the amount of such Indemnified Tax within 5 days of such notice.

(c) Tax on Indemnified Taxes. If any amounts are payable by a Credit Party in respect of Indemnified Taxes pursuant to Section 2.13(a) or (b), such Credit Party agrees to pay to the applicable Indemnified Tax Person, within 5 Business Days of written request therefor, an amount equal to all Taxes imposed with respect to such amounts as such Indemnified Tax Person shall determine in good faith are payable by such Indemnified Tax Person or any affiliate thereof in respect of such amounts and in respect of any amounts paid to or on behalf of such Indemnified Tax Person pursuant to this clause (c).

(d) Exception for Existing Taxes. No amount shall be required to be paid to any Indemnified Tax Person under Section 2.13(a)(iii) or (b) with respect to an Indemnified Tax to the extent that such Indemnified Tax would have been required to have been paid under any law, rule, regulation, order, directive, treaty or guideline in effect on the Effective Date.

(e) U.S. Tax Certificates. Each Lender that is organized under the laws of any jurisdiction other than the United States or any political subdivision thereof shall deliver to the

Administrative Agent for transmission to the Parent, on or prior to the first Borrowing Date (in the case of each Lender listed on the signature pages hereof) or on the effective date of the Assignment and Acceptance Agreement or master assignment and acceptance agreement pursuant to which it becomes a Lender in accordance with Section 11.1 or 11.7, (in the case of each other Lender), and at such other times as may be necessary in the determination of the Parent, any Credit Party or the Administrative Agent (each in the reasonable exercise of its discretion), such certificates, documents or other evidence, properly completed and duly executed by such Lender (including, without limitation, Internal Revenue Service Form 1001 or Form 4224) to establish that such Lender is not subject to deduction or withholding of United States federal income tax under Section 1441 or 1442 of the Code or otherwise (or under any comparable provisions of any successor statute) with respect to any payments to such Lender of principal, interest, fees or other amounts payable under the Loan Documents. No Credit Party shall be required to pay any additional amount to any such Lender under Section 2.13(a)(iii) if such Lender shall have failed to satisfy the requirements of the immediately preceding sentence; provided that if such Lender shall have satisfied such requirements on the first Borrowing Date (in the case of each Lender listed on the signature pages hereof) or on the effective date of the Assignment and Acceptance Agreement or master assignment and acceptance agreement pursuant to which it became a Lender (in the case of each other Lender), nothing in this subsection shall relieve any Credit Party of its obligation to pay any additional amounts pursuant to Section 2.13(a)(iii) in the event that, as a result of any change in applicable law (including, without limitation, any change in the interpretation thereof), such Lender is no longer properly entitled to deliver certificates, documents or other evidence at a subsequent date establishing the fact that such Lender is not subject to withholding as described in the immediately preceding sentence.

(f) Other Tax Certificates. Each Indemnified Tax Person agrees to use reasonable efforts to deliver to any Credit Party, promptly upon any request therefor from time to time by such Credit Party, such forms, documents and information as may be required by applicable law, regulation or treaty from time to time and to file all appropriate forms to obtain a certificate or other appropriate documents from the appropriate Governmental Authorities to establish that payments made in respect of any Alternate Currency Loan or Letter of Credit designated in an Alternate Currency by such Credit Party can be made without (or at a reduced rate of) withholding of Taxes, provided, however, that if such Indemnified Tax Person is or becomes unable by virtue of any applicable law, regulation or treaty, to establish such exemption or reduction, such Credit Party shall nonetheless remain obligated under Subsection 2.13(a) to pay the amounts described therein, and provided further, that no Indemnified Tax

Person shall be required to take any action hereunder which, in the sole discretion of such Indemnified Tax Person, would cause such Indemnified Tax Person or any affiliate thereof to suffer a material economic, legal or regulatory disadvantage.

(g) Adverse Tax Position.

(i) An "Excess Tax" shall be the excess of (x) the Tax imposed, levied, collected, withheld or assessed by any Governmental Authority without the United States from which a payment is made by or on behalf of a Credit Party subject to an Adverse Tax Position or in which such Credit Party or an affiliate has an office or is deemed to be doing business, over (y) the Tax which would be imposed, levied, collected, withheld or assessed by such Governmental Authority, but for the existence of such Adverse Tax Position.

(ii) An "Adverse Tax Position" with respect to a Credit Party shall mean a position resulting from the lack of adequate capitalization or other similar condition with respect to such Credit Party which, under applicable law or applicable treaty, results in higher Taxes on payments under the Loan Documents than would otherwise be imposed.

(iii) All payments by each Borrower under the Loan Documents shall be made free and clear of, and without any deduction or withholding for, any Excess Tax. If any Credit Party or any other Person is required by any law, rule, regulation, order, directive, treaty or guideline to make any deduction or withholding on account of any Tax from any Required Payment with respect to any Indemnified Tax Person and if all or a portion of such Tax represents Excess Tax:

(A) such Credit Party shall notify the Administrative Agent and such Indemnified Tax Person of any such requirement or any change in any such requirement as soon as such Credit Party becomes aware of it;

(B) such Credit Party shall pay such Excess Tax before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on such Credit Party) for its own account or (if the liability is imposed on such Indemnified Tax Person) on behalf of and in the name of such Indemnified Tax Person;

(C) such Credit Party shall pay to such Indemnified Tax Person an additional amount such that such Indemnified Tax Person shall receive on the due date therefor an amount equal to the Required Payment had no such deduction or withholding been required with respect to such Excess Tax; and

(D) such Credit Party shall, within 30 days

after paying such Excess Tax, deliver to the Administrative Agent and the applicable Indemnified Tax Person satisfactory evidence of such payment to the relevant Governmental Authority.

(iv) If an Indemnified Tax Person or any affiliate thereof is required by any law, rule, regulation, order, directive, treaty or guideline to pay any Excess Tax (excluding Excess Tax which is subject to Section 2.13(g)(iii)) with respect to any sum paid or payable by any Credit Party to such Indemnified Tax Person under the Loan Documents:

(A) such Indemnified Tax Person shall notify such Credit Party of any such payment of Excess Tax; and

(B) such Credit Party shall pay to such Indemnified Tax Person the amount of such Excess Tax within 5 Business Days of such notice.

(v) If any amounts are payable by a Credit Party in respect of Excess Tax pursuant to Section 2.13(g)(iii) or (iv) such Credit Party agrees to pay to the applicable Indemnified Tax Person, within 5 days of written request therefor, an amount equal to all Taxes imposed with respect to such amounts as such Indemnified Tax Person shall determine are payable by such Indemnified Tax Person or any affiliate thereof in respect of such amounts and in respect of any amounts paid to or on behalf of such Indemnified Tax Person pursuant to this clause (v).

N. Increased Costs, Illegality, etc.

(a) In the event that any Lender with respect to clauses (ii) and (iii) below or the Administrative Agent, the Reference Lender, or the applicable Lender, as the case may be, with respect to clauses (i) and (iv) below shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto):

(i) on the second Business Day immediately preceding the making of any requested Eurodollar Advance, Core Currency Euro Advance or Individual Currency Loan that, by reason of any changes arising after the Effective Date affecting the applicable interbank market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of the Eurodollar Rate, the Core Currency Euro Rate or the Individual Currency Rate, as the case may be; or

(ii) at any time that such Lender has incurred increased costs or reductions in the amounts received or receivable hereunder with respect to any Fixed Rate Loan, in each case by an amount such Lender deems to be material,

because of any change since the Effective Date (or in the case of any Bid Loan, subsequent to acceptance by a Borrower of such Bid Loan, and in the case of any Negotiated Rate Loan, subsequent to the date of such Lender's execution of the Negotiated Rate Confirmation for such Negotiated Rate Loan) in any law, rule, regulation, order or guideline applicable to such Lender or the compliance by such Lender with any request (whether or not having the force of law) from any Governmental Authority made subsequent to the Effective Date (or in the case of any Bid Loan, subsequent to acceptance by a Borrower of such Bid Loan, and, in the case of any Negotiated Rate Loan, subsequent to the date of such Lender's execution of the Negotiated Rate Confirmation for such Negotiated Rate Loan) or in the interpretation or administration thereof and including the introduction of any new law, rule, regulation, order, guideline or request, such as, for example, but not limited to: (A) a change in the basis of taxation of payment to any Lender of the principal of or interest on such Fixed Rate Loan or any other amounts payable hereunder (except for changes in the rate of tax on, or determined by reference to, the Tax on the Income of such Lender), or (B) a change in official reserve (including any marginal, emergency, supplemental, special or other reserve) or similar requirements (except to the extent included in the computation of the respective Eurodollar Rate, the Core Currency Euro Rate, Swing Line Negotiated Rate, Negotiated Rate, Individual Currency Rate or Bid Rate, as the case may be), or any special deposit, assessment or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (or its Applicable Lending Office); or

(iii) at any time that the making or continuance of any Fixed Rate Loan has been made (x) unlawful by any law, rule, regulation or order or (y) impossible by compliance by any Lender in good faith with any governmental directive or request (whether or not having the force of law); or

(iv) at any time that any Core Currency (other than Dollars) or any Non-Core Currency, as the case may be, is not available in sufficient amounts, as determined in good faith by the Reference Lender in the case of such Core Currency, and by the applicable Lender in the case of such Non-Core Currency, to fund any borrowing of Alternate Currency Loans in such Core Currency or such Non-Core Currency, as the case may be;

then, and in any such event, such Lender, in the case of clause (ii) or (iii) above, or the Administrative Agent, the Reference Lender or the applicable Lender, as the case may be, in the case of clause (i) or (iv) above, shall promptly give notice (by

telephone confirmed in writing) to the Parent (on behalf of all Borrowers) and, except for the Administrative Agent, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (w) in the case of clause (i) above, (A) in the event that Eurodollar Advances, Core Currency Euro Advances or Individual Currency Loans are so affected, Eurodollar Advances, Core Currency Euro Advances or Individual Currency Loans from such applicable Lender, as the case may be, shall no longer be available until such time as the Administrative Agent, the Reference Lender or such applicable Lender, as the case may be, notifies the Parent and the Lenders that the circumstances giving rise to such notice by the Administrative Agent, the Reference Lender or such applicable Lender, as the case may be, no longer exist, and any Notice of Borrowing or Notice of Conversion given by any Borrower with respect to Eurodollar Advances, Core Currency Euro Advances or Individual Currency Loans to be made by such applicable Lender, as the case may be, which have not yet been incurred (including by way of conversion) shall be deemed rescinded by the applicable Borrower and (B) in the event that any Core Currency Euro Advance or Individual Currency Loan is so affected, the interest rate for such Core Currency Euro Advance or such Individual Currency Loan, as the case may be, shall be determined on the basis provided in the proviso to the definition of Core Currency Euro Rate or Individual Currency Rate, as the case may be, (x) in the case of clause (ii) above, the applicable Borrower shall pay to such Lender, within 3 days of written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its reasonable discretion shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Lender, showing the basis for the calculation thereof, submitted to such applicable Borrower by such Lender in good faith shall, absent manifest error, be final and conclusive and binding on all the parties hereto), (y) in the case of clause (iii) above, the applicable Borrower shall take one of the actions specified in Section 2.14(b) and (z) in the case of clause (iv) above, Core Currency Euro Advances in the affected Core Currency or Individual Currency Loans from the applicable Lender in the affected Non-Core Currency, as the case may be, shall no longer be available until such time as the Reference Lender or such applicable Lender, as the case may be, notifies the Parent (on behalf of all Borrowers), the Administrative Agent and the Lenders that the circumstances giving rise to the notice referred to above by the Reference Lender or such applicable Lender, as the case may be, to the Parent (on behalf of all Borrowers) and the Administrative Agent no longer exists, and any Notice of Borrowing given by the affected Borrower with respect to such Core Currency Euro Advances or such Individual Currency Loans, as the case may be,

which have not yet been incurred shall be deemed rescinded by such affected Borrower. Each of the Administrative Agent, the Reference Lender and the Lenders agree that if it gives notice to any Borrower of any of the events described in clause (i), (iii) or (iv) above, it shall promptly notify the Parent (on behalf of all Borrowers) and, in the case of any such Lender and the Reference Lender, the Administrative Agent, if such event ceases to exist. If any such event described in clause (iii) above with respect to Eurodollar Advances, Core Currency Euro Advances or Individual Currency Loans ceases to exist as to a Lender, the obligations of such Lender, as the case may be, to make Eurodollar Advances, Core Currency Euro Advances or Individual Currency Loans and to convert Eurodollar Advances to new Eurodollar Advances or convert Core Currency Euro Advances to new Core Currency Euro Advances on the terms and conditions contained herein shall be reinstated.

(b) At any time that any Fixed Rate Loan is affected by the circumstances described in Section 2.14(a)(ii) or (iii), the applicable Borrower may (and in the case of an affected Fixed Rate Loan by the circumstances described in Section 2.14(a)(iii) shall) either (x) if the affected Fixed Rate Loan is then being made initially or pursuant to a conversion, cancel the respective borrowing or conversion by giving the Administrative Agent telephonic notice (confirmed in writing) on the same date that the Parent was notified by the affected Lender or the Administrative Agent pursuant to Section 2.14(a)(ii) or (iii) or (y) if the affected Fixed Rate Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent and the affected Lender, (A) in the case of a Eurodollar Advance, require the affected Lender to convert such Eurodollar Advance into an ABR Advance as of the end of the Interest Period then applicable to such Eurodollar Advance or, if earlier, as soon as practicable within the time required by law and (B) in the case of a Core Currency Euro Advance, Swing Line Negotiated Rate Advance, Negotiated Rate Loan, Individual Currency Loan or Bid Loan, take such action as the affected Lender may reasonably request with a view to minimizing the obligations of such Borrower under Section 2.15.

(c) If any Lender determines that after the Effective Date the introduction of or any change in any applicable law, rule, regulation, order, guideline, directive or compliance by such Lender or any corporation controlling such Lender with any request (whether or not having the force of law) from any Governmental Authority concerning capital adequacy, or any change in interpretation or administration thereof by any Governmental Authority, in each case made subsequent to the date hereof, will have the effect of reducing the rate of return on the capital required to be maintained by such Lender or any corporation controlling such Lender based on the existence of such Lender's Commitment or Individual Currency Commitments hereunder or its

obligations under the Loan Documents to a level below that which such Lender or such corporation could have achieved but for such application or compliance (taking into account such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then each of the Borrowers to the extent of its Proportionate Share and the Parent severally agrees to pay such to such Lender, within 3 Business Days of its written demand therefor, such additional amounts as shall be required to compensate such Lender or such other corporation for the increased cost to such Lender or such other corporation or the reduction in the rate of return to such Lender or such other corporation as a result of such reduction. In determining such additional amounts, each Lender will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Lender's reasonable good faith determination of compensation owing under this Section 2.14(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Lender, upon determining that any additional amounts will be payable pursuant to this Section 2.14(c), will give prompt written notice thereof to the Parent (on behalf of all Borrowers), which notice shall show the basis for calculation of such additional amounts.

(d) Each Lender shall notify the Parent (on behalf of all Borrowers) of any event occurring after the Effective Date entitling such Lender to compensation under this Section 2.14 as promptly as practicable, but in any event within 120 days after the officer having primary responsibility for this Agreement obtains actual knowledge thereof, provided that no such notice shall be required if such Lender has determined not to seek compensation under this Section 2.14 as a result of such event. Each Lender will furnish to each Borrower a certificate setting forth the basis and amount of each request by such Lender for compensation under this Section 2.14. Determinations and allocations by any Lender for purposes of this Section 2.14 on its costs or rate of return of maintaining Loans or its obligation to make Loans, or on amounts receivable by it in respect of Loans, and of the amounts required to compensate such Lender under this Section 2.14 shall be prima facie evidence of such determinations and allocations.

(e) Notwithstanding the foregoing, no Lender shall be entitled to any compensation described in Section 2.14 unless, at the time it requests such compensation, it is the policy or general practice of such Lender to request compensation for comparable costs in similar circumstances under comparable provisions of other credit agreements for comparable customers unless specific facts or circumstances applicable to any Borrower or the transactions contemplated by the Loan Documents would alter such policy or general practice, provided that nothing in this Section 2.14(e) shall preclude a Lender from waiving the collection of similar costs from one or more of its other

customers.

(f) If any Lender fails to give the notice described in Section 2.14(d) within 90 days after it obtains such actual knowledge of the event required to be described in such notice, such Lender shall, with respect to any compensation that would otherwise be owing to such Lender under this Section 2.14, only be entitled to payment for increased costs incurred from and after the date that such Lender does give such notice.

O. Compensation

Each Borrower shall compensate each Lender, within 3 days of its written demand therefor (which demand shall set forth the basis for requesting such compensation), for all reasonable losses, expenses and liabilities, including any loss, expense or liability (including those related to currency exchange) incurred by reason of the liquidation or reemployment of deposits or other funds required by such Lender to fund its Fixed Rate Loans but excluding any loss of anticipated profit which such Lender may sustain: (i) if for any reason, a borrowing of, or conversion from or into a Fixed Rate Loan does not occur on a date specified therefor in a Notice of Borrowing, a Notice of Conversion, a Negotiated Rate Confirmation or a Bid accepted by a Borrower; (ii) if any repayment (including any repayment made pursuant to Section 2.10 or as a result of an acceleration of the Loans pursuant to Section 9) or conversion of any of such Borrower's Fixed Rate Loans occurs on a date which is not the last day of an Interest Period with respect thereto; (iii) if any prepayment of any of such Borrower's Fixed Rate Loans is not made on any date specified in a notice of prepayment given by such Borrower; or (iv) as a consequence of (x) any other default by such Borrower to repay its Loans when required by the terms of this Agreement or (y) any election made pursuant to Section 2.14(b) or 11.1(b).

P. Change of Applicable Lending Office and Applicable Payment Office

(a) With respect to any Loan of any Lender or any Letter of Credit, such Lender agrees that on the occurrence of any event giving rise to the operation of Section 2.13, Section 2.14(a)(ii) or (iii), Section 2.14(c), Section 2.14(d) or Section 2.22 with respect to such Loan or such Letter of Credit, it will, if requested by the applicable Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another Applicable Lending Office or Applicable Payment Office, as the case may be, for such Loan or such Letter of Credit affected by such event, provided that such designation is made on such terms that such Lender and its Applicable Lending Office or Applicable Payment Office, as the case may be, suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the op-

eration of such Section. Nothing in this Section shall affect or postpone any of the obligations of any Borrower or the right of any Lender provided in Sections 2.13, 2.14, 2.15 and 2.22.

(b) Each Lender shall have the right at any time and from time to time to transfer any of its Loans to a different office, provided that such Lender shall promptly notify the Administrative Agent and the Parent (on behalf of all Borrowers) of any such change of office. Such office shall thereupon become such Lender's Applicable Lending Office for such Loan provided, however, that no such Lender shall be entitled to receive any greater amount under Section 2.13, Section 2.14(a)(ii) or (iii), Section 2.14(c) or Section 2.22 as a result of a transfer of any such Loans to a different office of such Lender than it would be entitled to immediately prior thereto unless such claim would have arisen even if such transfer had not occurred.

Q. Survival of Certain Obligations

The obligations of the Borrowers under Sections 2.13, 2.14, 2.15, 2.22, 11.5 and 11.10 shall survive the termination of the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments, the Letter of Credit Commitment the payment of the Loans, the reimbursement obligations in respect of the Letters of Credit and all other amounts payable under the Loan Documents.

R. Use of Proceeds

The proceeds of the Loans shall be used to refinance the Indebtedness set forth on Schedule 5.8 and for general corporate purposes of the Parent and its Subsidiaries. The uses to which the proceeds of the Loans are put shall conform with the provisions of Section 4.11.

S. Letter of Credit Sub-Facility

(a) Subject to the terms and conditions of this Agreement, the Issuing Bank agrees, in reliance on the agreement of the other Lenders set forth in Section 2.20, to issue standby letters of credit in Core Currencies (the "Letters of Credit"; each a "Letter of Credit") during the Commitment Period for the account of one or more of the Letter of Credit Applicants, provided, however, that, at the request of any Letter of Credit Applicant, the Issuing Bank may, in its sole discretion, issue one or more Letters of Credit for the account of such Letter of Credit Applicant in one or more Non-Core Currencies. The Letter of Credit Exposure at any one time outstanding shall not exceed the lesser of (i) the amount of the Letter of Credit Commitment and (ii) the excess, if any, of the sum of the Aggregate Commitments over the sum of the aggregate outstanding principal amount of all Loans (determined on the basis of the Dollar

Equivalent for each outstanding Alternate Currency Loan). The Letter of Credit Exposure at any one time outstanding attributable to all Letters of Credit issued in Non-Core Currencies shall not exceed the excess, if any, of \$60,000,000 over the Aggregate Credit Exposure at such time attributable to all Loans designated in Non-Core Currencies. The sum of the aggregate principal amount of the Individual Currency Loans of all Lenders at any one time outstanding in any Non-Core Currency and the Letter of Credit Exposure at such time attributable to all Letters of Credit issued in such Non-Core Currency (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan and each such Letter of Credit) shall not exceed \$5,000,000. Each Letter of Credit shall have an expiration date which shall not exceed the earlier of (x) twelve months from the date of issuance thereof and (y) 30 days immediately preceding the Maturity Date. No Letter of Credit shall be issued, and no amendment to any Letter of Credit shall be issued which would increase the stated amount or extend the expiration date of such Letter of Credit, (i) if the Administrative Agent or any Lender by notice to the Administrative Agent and the applicable Letter of Credit Applicant and the Parent no later than 1:00 P.M. one Business Day prior to the requested date of issuance of such Letter of Credit or amendment, shall have determined that any of the applicable conditions set forth in Sections 5 and 6 have not been satisfied and such conditions remain unsatisfied as of the requested time of issuing such Letter of Credit or amendment or (ii) to the extent that immediately after giving effect thereto the Aggregate Credit Exposure would exceed the Aggregate Commitments (each a "Non-Issuance Event").

(b) Each Letter of Credit shall be issued for the account of the applicable Letter of Credit Applicant for general corporate purposes of such Letter of Credit Applicant and its Subsidiaries. Such Letter of Credit Applicant and the Parent shall give the Administrative Agent a Letter of Credit Request for the issuance of such Letter of Credit by 11:00 A.M. three Business Days prior to the requested date of issuance. Such Letter of Credit Request shall be executed by such Letter of Credit Applicant and the Parent, and shall specify (i) the beneficiary of such Letter of Credit and the obligations of such Letter of Credit Applicant or any of its Subsidiaries, as the case may be, in respect of which such Letter of Credit is to be issued, (ii) such Letter of Credit Applicant's proposal as to the conditions under which a drawing may be made under such Letter of Credit and the documentation to be required in respect thereof, (iii) the maximum amount to be available under such Letter of Credit, (iv) the requested date of issuance and (v) the applicable Currency. Upon receipt of such Letter of Credit Request from such Letter of Credit Applicant and the Parent, the Administrative Agent shall promptly notify the Issuing Bank and each other Lender thereof. Each Letter of Credit shall be in form and substance reasonably satisfactory to the Issuing Bank,

and adequate and fair means in the sole discretion of the Issuing Bank shall exist for the issuance thereof, with such provisions with respect to the conditions under which a drawing may be made thereunder and the documentation required in respect of such drawing as the Issuing Bank shall reasonably require and as may be acceptable to such Letter of Credit Applicant and the Parent. Such Letter of Credit shall be used solely for the purposes described therein and herein. The Issuing Bank shall, on the proposed date of issuance and subject to the other terms and conditions of this Agreement, issue such Letter of Credit.

(c) Each payment by the Issuing Bank of a draft drawn under a Letter of Credit designated in a Core Currency shall give rise to an obligation on the part of the applicable Letter of Credit Applicant to reimburse the Issuing Bank immediately for the amount thereof at its Applicable Payment Office in such Core Currency.

(d) Each payment by the Issuing Bank of a draft drawn under a Letter of Credit designated in a Non-Core Currency shall give rise to an obligation on the part of the applicable Letter of Credit Applicant to reimburse the Issuing Bank immediately for the amount thereof in Dollars, at such office as the Issuing Bank shall designate to the Administrative Agent, the Parent and such Letter of Credit Applicant, in an amount based upon the all-in cost of funds in Dollars of the Issuing Bank to fund such draft (each a "Dollar Reimbursement Amount"). In connection with each obligation of a Letter of Credit Applicant to pay a Dollar Reimbursement Amount under this Section 2.19(d), the Issuing Bank shall deliver to such Letter of Credit Applicant, the Parent and the Administrative Agent a written statement setting forth such Dollar Reimbursement Amount. The Issuing Bank's determination of such Dollar Reimbursement Amount shall be conclusive absent manifest error.

T. Letter of Credit Participation and Funding Commitments

(a) Each Lender hereby unconditionally and irrevocably, severally for itself only and without any notice to or the taking of any action by such Lender, takes from time to time an undivided participating interest in the obligations of the Issuing Bank under and in connection with each Letter of Credit in an amount equal to such Lender's Availability Percentage at such time of the amount of such Letter of Credit. Each Lender from time to time shall be liable to the Issuing Bank for its Availability Percentage at such time of the unreimbursed amount of any draft drawn and honored under each Letter of Credit. Each Lender from time to time shall also be liable for an amount equal to the product of its Availability Percentage at such time and any amounts paid by the applicable Letter of Credit Applicant pursuant to Section 2.21 that are subsequently rescinded or avoided, or must otherwise be restored or returned. Such li-

abilities shall be unconditional and without regard to the occurrence of any Default or Event of Default or the compliance by the Parent and the Borrowers with any of their respective obligations under the Loan Documents or any other circumstances.

(b) The Administrative Agent will promptly notify each Lender (which notice shall be promptly confirmed in writing) of the date and the amount of any draft presented under any Letter of Credit with respect to which full reimbursement of payment is not made by the applicable Letter of Credit Applicant as provided in Sections 2.19(c) or 2.19(d), as the case may be, and forthwith upon receipt of such notice, and provided that no Non-Issuance Event shall have occurred and be continuing with respect to such Letter of Credit, such Lender (other than the Issuing Bank in its capacity as a Lender) shall make available to the Administrative Agent for the account of the Issuing Bank its Availability Percentage at such time of the amount of such unreimbursed draft or, if such Letter of Credit is designated in a Non-Core Currency, the applicable Dollar Reimbursement Amount, at the Applicable Payment Office of the Administrative Agent in the applicable Core Currency or, if such Letter of Credit is designated in a Non-Core Currency, at the applicable office designated by the Administrative Agent pursuant to Section 2.19(d) in Dollars, and, in each case, in immediately available funds. The Administrative Agent shall distribute the payments made by each Lender (other than the Issuing Bank in its capacity as a Lender) pursuant to the immediately preceding sentence to the Issuing Bank promptly upon receipt thereof in like funds as received. Each Lender shall indemnify and hold harmless the Administrative Agent and the Issuing Bank from and against any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, costs and expenses (including reasonable attorneys' fees and expenses) resulting from any failure on the part of such Lender to provide, or from any delay in providing, the Administrative Agent with such Lender's Availability Percentage of the amount of any payment made by the Issuing Bank under a Letter of Credit in accordance with this clause (b) above (except in respect of losses, liabilities or other obligations suffered by the Issuing Bank resulting from the gross negligence or willful misconduct of the Issuing Bank or the Administrative Agent, as the case may be). If a Lender does not make available to the Administrative Agent when due such Lender's Availability Percentage at such time of any unreimbursed payment made by the Issuing Bank under a Letter of Credit (other than payments made by the Issuing Bank by reason of its gross negligence or willful misconduct), such Lender shall be required to pay interest to the Administrative Agent for the account of the Issuing Bank on such Lender's Availability Percentage at such time of such payment at a rate of interest per annum equal to the Federal Funds Rate (or, in the case of any Letter of Credit designated in a Core Currency (other than Dollars), at a rate based upon the all-in cost of funds for the applicable Non-Core Currency) from the date such

Lender's payment is due until the date such payment is received by the Administrative Agent. The Administrative Agent shall distribute such interest payments to the Issuing Bank upon receipt thereof in like funds as received.

(c) Whenever the Administrative Agent or the Issuing Bank is reimbursed by any Letter of Credit Applicant, for the account of the Issuing Bank, for any payment under a Letter of Credit and such payment relates to an amount previously paid by a Lender in respect of its Availability Percentage of the amount of such payment under such Letter of Credit, the Administrative Agent or the Issuing Bank, as the case may be, will promptly pay over such payment to such Lender.

U. Absolute Obligation with respect to Letter of Credit Payments

The obligation of each Letter of Credit Applicant to reimburse the Administrative Agent for the account of the Issuing Bank in respect of each Letter of Credit issued for the account of such Letter of Credit Applicant for each payment under or in respect of such Letter of Credit shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which such Letter of Credit Applicant or any of its Subsidiaries may have or have had against the beneficiary of such Letter of Credit, the Administrative Agent, the Issuing Bank, as issuer of such Letter of Credit, any Lender, the Swing Line Lender or any other Person, including any defense based on the failure of any drawing to conform to the terms of such Letter of Credit, any drawing document proving to be forged, fraudulent or invalid, or the legality, validity, regularity or enforceability of such Letter of Credit.

V. Increased Costs Based on Letters of Credit

Without limiting the provisions of Section 2.14, if any law, rule, regulation, order, guideline or request or any change in the interpretation or application thereof by any Governmental Authority charged with the administration thereof or GAAP shall either (a) impose, modify or make applicable any reserve, special deposit, assessment or similar requirement against any Letter of Credit issued or participated in by any Lender, or (b) impose on the Administrative Agent, the Issuing Bank or such Lender, as the case may be, any other condition regarding such Letter of Credit (except for imposition of, or changes in the rate of, the Tax on the Income of the Administrative Agent, the Issuing Bank or such Lender, as the case may be) and the result of any event referred to in clause (a) or (b) above shall be to increase the cost to the Issuing Bank (or any successor thereto as issuer of such Letter of Credit) of issuing or maintaining such Letter of Credit or the cost to any Lender of its obligations pursuant to

Section 2.20, or the cost to the Administrative Agent of performing its functions hereunder with respect to such Letter of Credit, in any case by an amount which the Administrative Agent, the Issuing Bank or such Lender, as the case may be, deems material, then, upon demand by the Administrative Agent, the Issuing Bank or such Lender, as the case may be, the applicable Letter of Credit Applicant shall immediately pay to the Administrative Agent, the Issuing Bank or such Lender, as the case may be, from time to time as specified by the Administrative Agent, the Issuing Bank or such Lender, as the case may be, additional amounts which shall be sufficient to compensate the Administrative Agent, the Issuing Bank or such Lender, as the case may be, for such increased cost. A statement in reasonable detail as to such increased cost incurred by the Administrative Agent, the Issuing Bank or such Lender, as the case may be, as a result of any event mentioned in clauses (a) or (b) above, submitted by the Administrative Agent, the Issuing Bank or such Lender, as the case may be, to such Letter of Credit Applicant shall be conclusive, absent manifest error, as to the amount thereof.

W. Borrower Addenda

Provided that no Default or Event of Default has occurred and is continuing, the Parent may direct that any of its wholly-owned Subsidiaries which is not then a Borrower become a Borrower by submitting a Borrower Addendum to the Administrative Agent with respect to such Subsidiary duly executed by each of the Parent and such Subsidiary together with a certificate, dated the date of such Borrower Addendum of the Secretary or Assistant Secretary of such Subsidiary (i) attaching a true and complete copy of the resolutions of its Board of Directors and of all documents evidencing other necessary corporate action (in form and substance satisfactory to the Administrative Agent) taken by it to authorize such Borrower Addendum, the Loan Documents and the transactions contemplated thereby, (ii) attaching a true and complete copy of its certificate of incorporation, by-laws or other organizational documents, (iii) setting forth the incumbency of its officer or officers who may sign the Borrower Addendum, including therein a signature specimen of such officer or officers, (iv) an opinion of foreign local counsel to such Subsidiary in all respects reasonably satisfactory to the Administrative Agent and (v) attaching a certificate of good standing (or equivalent) issued by the jurisdiction of its incorporation. If any such document is not in English, such document shall be accompanied by a certified English translation thereof. Upon receipt of a Borrower Addendum and the supporting documentation referred to above, the Administrative Agent shall confirm such Borrower Addendum by signing a copy thereof and shall deliver a copy thereof to the Parent and each Lender. Thereupon the Subsidiary which executed such Borrower Addendum shall become a "Borrower" hereunder. In the event that such additional Borrower

is not a corporation organized under the laws of a jurisdiction in which any other Borrower is organized (and whose principal office is not located in a jurisdiction in which any other Borrower's principal office is located), this Agreement and the other Loan Documents will be deemed amended by adding definitions comparable to the definitions applicable to each other Subsidiary Borrower, such definitions to be as set forth in the applicable Borrower Addendum.

X. Records

(a) Lender's Records. Each Lender will note on its internal records with respect to each Loan made by it (i) the date and amount of such Loan, (ii) whether such Loan is a Revolving Loan, Swing Line Loan, Individual Currency Loan, Negotiated Rate Loan or Bid Loan, (iii) the identity of the Borrower to whom such Loan was made, (iv) the interest rate (other than in the case of an ABR Advance), Individual Currency Rate, Negotiated Rate or Bid Rate and Interest Period, if applicable, applicable to such Loan and (v) each payment and prepayment of the principal thereof.

(b) Administrative Agent's Records. The Administrative Agent shall keep records regarding the Loans, the Letters of Credit and this Agreement in accordance with its customary procedures for agent credits.

(c) Prima Facie Evidence. The entries made in the records maintained pursuant to subsections (a) and (b) above shall, to the extent not prohibited by applicable law, be prima facie evidence of the existence and amount of the obligations of the Parent and each Borrower recorded therein; provided, however, that the failure of the Administrative Agent or any Lender, as the case may be, to make any notation on its records shall not affect the Parent's or the respective Borrower's obligations in respect of the Loans, the Letters of Credit or the Loan Documents.

Y. Replacement of Lender

If (i) any Borrower is obligated to pay to any Lender any amount under Section 2.13(a), (b) or (c) and such payment is attributable solely to any change since the Effective Date (in the case of each Lender listed on the signature pages hereof) or since the effective date of the Assignment and Acceptance Agreement pursuant to which it became a Lender (in the case of each other Lender) in any applicable law, rule, regulation, order, directive, treaty or guideline (whether or not having the force of law) or in the interpretation or administration thereof (including the introduction of any new law, rule, regulation, order, directive, treaty or guideline), (ii) any Lender shall have failed to make available a Loan on the date on which and in

the amount in which it was obligated to do so and shall not have cured such failure within three Business Days or (iii) any Lender shall have demanded any payment under Section 2.14 or excused itself from funding a Loan pursuant to Section 2.14, the Company shall have the right, in accordance with the requirements of Section 11.7(b), if no Default or Event of Default shall exist to replace up to two such Lenders (each a "Replaced Lender") with one or more other assignees (each, a "Replacement Lender"), reasonably acceptable to the Swing Line Lender and the Issuing Bank, provided that (I) at the time of any replacement pursuant to this Section, the Replacement Lender shall enter into one or more Assignment and Acceptance Agreements pursuant to Section 11.7(b) (with the Assignment Fee payable pursuant to said Section 11.7(b) to be paid by the Replacement Lender) pursuant to which the Replacement Lender shall acquire all of the Commitments and outstanding Loans of, and in each case participations in Letters of Credit by, the Replaced Lender and, in connection therewith, shall pay to (w) the Replaced Lender in respect thereof an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Replaced Lender, (B) an amount equal to all drawings on all Letters of Credit that have been funded by (and not reimbursed to) such Replaced Lender, together with all then unpaid interest with respect thereto at such time and (C) an amount equal to all accrued, but theretofore unpaid, fees owing to the Replaced Lender pursuant to Sections 3.1 and 3.2, (x) the Issuing Bank an amount equal to such Replaced Lender's Commitment Percentage of all drawings (which at such time remains an unpaid drawing) to the extent such amount was not theretofore funded by such Replaced Lender, (y) the Swing Line Lender an amount equal to such Replaced Lender's Commitment Percentage of any Mandatory Borrowing to the extent such amount was not theretofore funded by such Replaced Lender and (z) the Administrative Agent an amount equal to all amounts owed by such Replaced Lender to the Administrative Agent under this Agreement, including, without limitation, an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Replaced Lender, a corresponding amount of which was made available by the Administrative Agent to the applicable Borrower(s) pursuant to Section 2.4(e) and which has not been repaid to the Administrative Agent by such Replaced Lender or the applicable Borrower(s) and (II) all obligations of the Borrowers owing to the Replaced Lender (other than those specifically described in clause (I) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Lender concurrently with such replacement. Upon the execution of the respective Assignment and Acceptance Agreements and the payment of amounts referred to in clauses (i) and (ii) of this Section 2.25, the Replacement Lender shall become a Lender hereunder and the Replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement (including, without

limitation, Sections 2.13, 2.14, 2.15, 2.22, 11.5 and 11.10), which shall survive as to such Replaced Lender.

III. FEES

A. Facility Fee

The Parent agrees to pay to the Administrative Agent, for the account of the Lenders in accordance with each Lender's Commitment Percentage, a fee (the "Facility Fee"), for each day from and after the Effective Date, equal to the product of (x) the Aggregate Commitments in effect as at the end of such day or, if no Commitments then exist, the Aggregate Commitments on the last day on which Commitments did exist, and (y) the applicable percentage set forth below based upon the Pricing Level in effect as at the end of such day:

Pricing Level -----	Facility Fee Percentage -----
Pricing Level I	0.1000%
Pricing Level II	0.1500
Pricing Level III	0.1750
Pricing Level IV	0.2000
Pricing Level V	0.3000.

The Facility Fee shall be (i) calculated on the basis of a 360-day year for the actual number of days elapsed, (ii) payable quarterly in arrears on each Quarterly Payment Date, commencing on the first such day following the Effective Date, and on the date that the Aggregate Commitments shall expire or otherwise terminate (or in the event that the Aggregate Commitments have expired or otherwise terminated, on the date that the Aggregate Credit Exposure has been reduced to \$0).

B. Letter of Credit Commissions

The Parent agrees to pay to the Administrative Agent, for the account of the Lenders, commissions (the "Letter of Credit Commissions") with respect to the issued and outstanding Letters of Credit, for each day from and after the Effective Date, equal to, with respect to each Lender, the product of (x) the Letter of Credit Exposure as at the end of such day and (y) the Availability Percentage of such Lender as at the end of such day multiplied by (z) the applicable percentage set forth below based upon the Pricing Level in effect as at the end of such day:

Pricing Level	Letter of Credit Commission Percentage
-----	-----
Pricing Level I	0.2000%
Pricing Level II	0.2700%
Pricing Level III	0.2750%
Pricing Level IV	0.4000%
Pricing Level V	0.4000%

The Letter of Credit Commissions shall be (i) calculated on the basis of a 360-day year for the actual number of days elapsed, (ii) payable quarterly in arrears on each Quarterly Payment Date and on the date that the Letter of Credit Commitments shall expire and the Letter of Credit Exposure is \$0, and (iii) nonrefundable.

C. Administrative Agent's and Issuing Bank's Fees

(a) The Parent agrees to pay to the Administrative Agent, for its own account, such other fees as have been agreed to in writing from time to time by the Parent and the Administrative Agent.

(b) The Parent agrees to pay to the Issuing Bank, for its own account, such other fees as have been agreed to in writing from time to time by the Parent and the Issuing Bank.

IV. REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans, the Swing Line Lender to make the Swing Line Loans and the Lenders to participate therein, and the Issuing Bank to issue the Letters of Credit and the Lenders to participate therein, the Parent and the Borrowers make the following representations and warranties to the Administrative Agent, the Issuing Bank, the Swing Line Lender and the Lenders:

A. Subsidiaries; Capital Stock

As of the date of this Agreement, the Parent has only the Subsidiaries set forth on, and the authorized, issued and outstanding capital stock of the Parent and each such Subsidiary (or partnership or other interests, as the case may be) is as set forth on, Schedule 4.1. The shares of, or partnership or other interests in, each Subsidiary of the Parent are owned beneficially and of record by the Parent or another

Subsidiary of the Parent, are free and clear of all Liens except as otherwise permitted by Section 8.3, and are duly authorized, validly issued, fully paid and nonassessable except, in the case of any Subsidiary organized under the laws of the State of New York, for any liability that may arise under the provisions of Section 630 of the Business Corporation Law of the State of New York. As of the date of this Agreement, except as set forth on Schedule 4.1, (a) neither the Parent nor any of its Subsidiaries has issued any securities convertible into, or options or warrants for, any common or preferred equity securities thereof, (b) there are no agreements, voting trusts or understandings binding upon the Parent or any of its Subsidiaries with respect to the voting securities of the Parent or any of its Subsidiaries or affecting in any manner the sale, pledge, assignment or other disposition thereof, including any right of first refusal, option, redemption, call or other right with respect thereto, whether similar or dissimilar to any of the foregoing, and (c) the Parent owns, directly or indirectly, all of the outstanding capital stock of each of its Subsidiaries.

B. Existence and Power

Each of the Parent and each of its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, has all requisite power and authority to own its Property and to carry on its business as now conducted, and is in good standing and authorized to do business in each jurisdiction in which the failure so to qualify could reasonably be expected to have a Material Adverse effect.

C. Authority

Each of the Parent and each of its Subsidiaries has full power and authority to enter into, execute, deliver and perform the terms of the Loan Documents to which it is a party, all of which have been duly authorized by all proper and necessary corporate or partnership action, as the case may be, and are in full compliance with its certificate of incorporation and by-laws or partnership agreement, as the case may be. No consent or approval of, or other action by, shareholders of the Parent, any Borrower, any Governmental Authority or any other Person, which has not already been obtained, is required to authorize in respect of the Parent or any of its Subsidiaries, or is required in connection with the execution, delivery and performance by the Parent and each of its Subsidiaries of, the Loan Documents to which it is a party, or is required as a condition to the enforceability against the Parent or such Subsidiary of the Loan Documents to which it is a party.

D. Binding Agreement

The Loan Documents constitute the valid and legally binding obligations of the Parent and each of its Subsidiaries to the extent the Parent or such Subsidiary, as the case may be, is a party thereto, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles relating to the availability of specific performance as a remedy and except to the extent that indemnification obligations may be limited by federal or state securities laws or public policy relating thereto.

E. Litigation

Except as set forth on Schedule 4.5, there are no actions, suits, arbitration proceedings or claims (whether purportedly on behalf of the Parent, any of its Subsidiaries or otherwise) pending or, to the knowledge of the Parent and the Borrowers, threatened against the Parent or any of its Subsidiaries, or maintained by the Parent or any of its Subsidiaries, or which may affect the Property of the Parent or any of its Subsidiaries, at law or in equity, before any Governmental Authority which could reasonably be expected to have a Material Adverse effect. There are no proceedings pending or, to the knowledge of the Parent and the Borrowers, threatened against the Parent or any of its Subsidiaries (a) which call into question the validity or enforceability of, or otherwise seek to invalidate any Loan Document, or (b) which might, individually or in the aggregate, materially and adversely affect any of the transactions contemplated by any Loan Document.

F. No Conflicting Agreements

(a) Neither the Parent nor any of its Subsidiaries is in default under any agreement to which it is a party or by which it or any of its Property is bound the effect of which could reasonably be expected to have a Material Adverse effect. No notice to, or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Parent or any of its Subsidiaries of the Loan Documents to which it is a party (except those notices or filings which have already been made).

(b) No provision of any statute, rule, regulation, judgment, decree or order, or any existing material mortgage, indenture, contract or agreement, in each case binding on the Parent or any of its Subsidiaries or affecting the Property of the Parent or any of its Subsidiaries conflicts with, or requires any consent which has not already been obtained under, or would in any way prohibit the execution, delivery or performance by the Parent or any of its Subsidiaries of the terms

of, any Loan Document. The execution, delivery or performance by the Parent and each of its Subsidiaries of the terms of each Loan Document to which it is a party will not constitute a default under, or result in the creation or imposition of, or obligation to create, any Lien upon the Property of the Parent or any of its Subsidiaries pursuant to the terms of any such mortgage, indenture, contract or agreement which defaults or Liens, individually or in the aggregate, would have or result in a Material Adverse effect.

G. Taxes

The Parent and each of its Subsidiaries has filed or caused to be filed all tax returns, and has paid, or has made adequate provision for the payment of, all taxes shown to be due and payable on said returns or in any assessments made against them, the failure of which to file or pay could reasonably be expected to have a Material Adverse effect, and no tax Liens have been filed against the Parent or any of its Subsidiaries and no claims are being asserted with respect to such taxes which are required by GAAP (as in effect on the Effective Date) to be reflected in the Financial Statements and are not so reflected therein. The charges, accruals and reserves on the books of the Parent and each of its Subsidiaries with respect to all Federal, state, local, foreign and other taxes are considered by the management of the Parent and the Borrowers to be adequate, and neither the Parent nor any Borrower knows of any unpaid assessment which is or might be due and payable against it or any of its Subsidiaries or any Property of the Parent or any of its Subsidiaries, except such thereof as are being contested in good faith and by appropriate proceedings diligently conducted, and for which adequate reserves have been set aside in accordance with GAAP.

H. Compliance with Applicable Laws; Filings

Neither the Parent nor any of its Subsidiaries is in default with respect to any judgment, order, writ, injunction, decree or decision of any Governmental Authority which default could reasonably be expected to have a Material Adverse effect. The Parent and each of its Subsidiaries is complying with all applicable statutes, rules and regulations of all Governmental Authorities, a violation of which could reasonably be expected to have a Material Adverse effect. The Parent and each of its Subsidiaries has filed or caused to be filed with all Governmental Authorities all reports, applications, documents, instruments and information required to be filed pursuant to all applicable laws, rules, regulations and requests which, if not so filed, could reasonably be expected to have a Material Adverse effect. Each Borrower, prior to each borrowing by it hereunder in any jurisdiction, has obtained all necessary approvals and consents of, and has filed or caused to

be filed all reports, applications, documents, instruments and information required to be filed pursuant to all applicable laws, rules, regulations and requests of, all Governmental Authorities in connection with such borrowing in such jurisdiction.

I. Governmental Regulations

Neither the Parent nor any of its Subsidiaries nor any corporation controlling the Parent or any of its Subsidiaries or under common control with the Parent or any of its Subsidiaries is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940, in each case as amended, or is subject to any statute or regulation which regulates the incurrence of Indebtedness, including statutes or regulations relative to common or contract carriers or to the sale of electricity, gas, steam, water, telephone, telegraph or other public utility services.

J. Property

Each of the Parent and each of its Subsidiaries has good and marketable title to, or a valid leasehold interest in, all of its real Property, and is the owner of, or has a valid lease of, all personal property, in each case which is material to the Parent and its Subsidiaries taken as a whole, subject to no Liens, except such Liens permitted by Section 8.3. All leases of Property to each of the Parent and each of its Subsidiaries are in full force and effect, the Parent or such Subsidiary enjoys quiet and undisturbed possession under all leases of real property and neither the Parent nor any of its Subsidiaries is in default beyond any applicable grace period of any provision thereof, the effect of which could reasonably be expected to have a Material Adverse effect.

K. Federal Reserve Regulations; Use of Loan Proceeds

Neither the Parent nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans or any Letter of Credit will be used, directly or indirectly, for a purpose which violates the provisions of Regulations G, T, U or X of the Board of Governors of the Federal Reserve System, as amended. Anything in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Parent or any of its Subsidiaries in violation of any limitation or prohibition provided by any applicable law, regulation or statute, including Regulation U of the Board of Governors of the Federal Reserve System.

L. No Misrepresentation

No representation or warranty contained in any Loan Document and no certificate, Financial Statement, other financial statement or written notice furnished or to be furnished by the Parents or any of its Subsidiaries in connection with the transactions contemplated hereby, contains or will contain, as of its date, a misstatement of material fact, or omits or will omit to state, as of its date, a material fact required to be stated in order to make the statements therein contained not misleading in the light of the circumstances under which made.

M. Plans

(a) Each Employee Benefit Plan of the Parent, each of its Subsidiaries and each ERISA Affiliate is in compliance with ERISA and the Code, where applicable, in all material respects. The amount of (a) all Unfunded Pension Liabilities under the Pension Plans, excluding any Pension Plan which is a Multiemployer Plan, does not exceed \$2,000,000, and (b) the aggregate Unrecognized Retiree Welfare Liability under all applicable Employee Benefit Plans does not exceed \$2,000,000. The Parent, each of its Subsidiaries and each ERISA Affiliate have complied with the requirements of Section 515 of ERISA with respect to each Pension Plan which is a Multiemployer Plan. The aggregate potential annual withdrawal liability payments, as determined in accordance with Title IV of ERISA, for which the Parent, each of its Subsidiaries and each ERISA Affiliate would become obligated in the event of a complete or partial withdrawal from all Pension Plans which are Multiemployer Plans does not exceed \$2,000,000. The Parent, each of its Subsidiaries and each ERISA Affiliate has made all contributions or payments to or under each such Pension Plan required by law or the terms of such Pension Plan or any contract or agreement where the failure to make such contributions or payments could reasonably be expected to have a Material Adverse effect. No liability to the PBGC has been, or is expected by the Parent, any of its Subsidiaries or any ERISA Affiliate to be, incurred by the Parent, any of its Subsidiaries or any ERISA Affiliate where such liability could reasonably be expected to have a Material Adverse effect. Liability, as referred to in this Section 4.13, includes any joint and several liability. Each Employee Benefit Plan which is a group health plan within the meaning of Section 5000(b)(1) of the Code is in material compliance with the continuation of health care coverage requirements of Section 4980B of the Code.

(b) All contributions required to be made with respect to each Foreign Pension Plan have been timely made. Each Foreign Pension Plan has been maintained in compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders and has been

maintained, where required, in good standing with applicable Governmental Authorities. Neither the Parent nor any of its Subsidiaries has incurred any obligation in connection with the termination of or withdrawal from any Foreign Pension Plan. The present value of the accrued benefit liabilities (whether or not vested) under each Foreign Pension Plan required to be funded, determined as of the end of the most recently ended fiscal year on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the assets of such Foreign Pension Plan allocable to such benefit liabilities by more than the foreign exchange equivalent (based on the applicable spot exchange rate) of \$2,000,000.

N. Environmental Matters

Neither the Parent nor any of its Subsidiaries (a) has received written notice or otherwise learned of any claim, demand, action, event, condition, report or investigation indicating or concerning any potential or actual liability which individually or in the aggregate could reasonably be expected to have a Material Adverse effect, arising in connection with (i) any non-compliance with or violation of the requirements of any applicable federal, state, local or foreign environmental health or safety statute or regulation, or (ii) the release or threatened release of any toxic or hazardous waste, substance or constituent, or other substance into the environment, (b) to the best knowledge of the Parent and the Borrowers, has any threatened or actual liability in connection with the release or threatened release of any toxic or hazardous waste, substance or constituent, or other substance into the environment which individually or in the aggregate could reasonably be expected to have a Material Adverse effect, (c) has received notice of any federal, state, local or foreign investigation evaluating whether any remedial action is needed to respond to a release or threatened release of any toxic or hazardous waste, substance or constituent or other substance into the environment for which the Parent or any of its Subsidiaries is or would be liable, which liability would reasonably be expected to have a Material Adverse effect, or (d) has received notice that the Parent or any of its Subsidiaries is or may be liable to any Person under the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. Section 9601 et seq., or any analogous state, local or foreign law, which liability would reasonably be expected to have a Material Adverse effect. The Parent and each of its Subsidiaries is in compliance with the financial responsibility requirements of federal, state, local and foreign environmental laws to the extent applicable, including those contained in 40 C.F.R., parts 264 and 265, subpart H, and any analogous federal, state, local or foreign law, except in those cases in which the failure so to comply would not reasonably be expected to have a Material Adverse effect.

O. Financial Statements

The Parent has heretofore delivered to the Administrative Agent and the Lenders copies of its Form 10-K for the fiscal year ended January 31, 1995, containing the audited Consolidated Balance Sheets of the Parent and its Subsidiaries as of such date and the related Consolidated Statements of Income, Stockholders' Equity and Cash Flows for the fiscal year then ended (collectively, with the applicable related notes and schedules, the "Financial Statements"). The Financial Statements fairly present the Consolidated financial condition and results of the operations of the Parent and its Subsidiaries as of the dates and for the periods indicated therein and have been prepared in conformity with GAAP as then in effect subject, in the case of interim Financial Statements, to normal year-end adjustments. Neither the Parent nor any of its Subsidiaries has any obligation or liability of any kind (whether fixed, accrued, contingent, unmatured or otherwise) which, in accordance with GAAP as then in effect, should have been disclosed in the Financial Statements and was not. Since January 31, 1995, there has been no Material Adverse change.

P. Franchises, Intellectual Property, Etc.

Each of the Parent and each of its Subsidiaries possesses or has the right to use all franchises, Intellectual Property, licenses and other rights as are material and necessary for the conduct of its business, and with respect to which it is in compliance, with no known conflict with the valid rights of others which could reasonably be expected to have a Material Adverse effect. No event has occurred which permits or, to the best knowledge of the Parent and the Borrowers, after notice or the lapse of time or both, or any other condition, could reasonably be expected to permit, the revocation or termination of any such franchise, Intellectual Property, license or other right which revocation or termination could reasonably be expected to have a Material Adverse effect.

Q. Labor Relations

Except as set forth on Schedule 4.17, neither the Parent nor any of its Subsidiaries is a party to any collective bargaining agreement and, to the best knowledge of the Parent and the Borrowers, no petition has been filed or proceedings instituted by any employee or group of employees with any labor relations board seeking recognition of a bargaining representative with respect to the Parent or such Subsidiary. There are no material controversies pending between the Parent or any of its Subsidiaries and any of their respective employees, which could reasonably be expected to have a Material Adverse effect.

V. CONDITIONS OF LENDING - LOANS ON THE FIRST BORROWING DATE

In addition to the requirements set forth in Section 6, the obligation of each Lender to make one or more Loans, the obligation of the Swing Line Lender to make one or more Swing Line Loans and the obligation of the Issuing Bank to issue one or more Letters of Credit, on the first Borrowing Date (which shall not occur prior to the Effective Date) is subject to the fulfillment of the following conditions prior to or simultaneously with the making of such Loans or the issuance of such Letters of Credit:

A. Evidence of Corporate Action

The Administrative Agent shall have received a certificate, dated the first Borrowing Date, of the Secretary or Assistant Secretary of each Credit Party (i) attaching a true and complete copy of the resolutions of its Board of Directors and of all documents evidencing all necessary corporate action (in form and substance reasonably satisfactory to the Administrative Agent) taken by it to authorize the Loan Documents to which it is a party and the transactions contemplated thereby, (ii) attaching a true and complete copy of its organizational documents, (iii) setting forth the incumbency of its officer(s) who may sign such Loan Documents, including therein a signature specimen of such officer(s), and (iv) attaching a certificate of good standing of the Secretary of State of the State of its incorporation and each of the jurisdictions listed on Schedule 5.1, in each case to the extent such certificate of good standing is available.

B. Guaranty

Each of the Parent, Tiffany, Tiffany International and Tiffany Japan shall have delivered to the Administrative Agent a guaranty, dated as of the date hereof, executed by such Credit Party and in the form of Exhibit N (as the same may be amended, supplemented or otherwise modified from time to time, the "Guaranty").

C. Approvals

The Administrative Agent shall have received evidence reasonably satisfactory to it that all approvals and consents of all Governmental Authorities, and all approvals and all consents of all other Persons, in each case which are required to be obtained in connection with the consummation of the transactions contemplated by the Loan Documents have been obtained and that all required notices have been given, and the Administrative Agent shall have received a certificate, in all respects reasonably satisfactory to the Administrative

Agent, of the Responsible Officer to the foregoing effect to the best knowledge of such officer.

D. Litigation

There shall be no injunction, writ, preliminary restraining order or other order of any nature issued by any Governmental Authority in any respect affecting any Loan Document or any transaction contemplated by the Loan Documents, and no action or proceeding by or before any Governmental Authority shall have been commenced and be pending seeking to prevent or delay any of the foregoing or challenging any term or provision thereof or seeking any damages in connection therewith, and the Administrative Agent shall have received a certificate, in all respects reasonably satisfactory to the Administrative Agent, of the executive officers or analogous counterparts of the Parent to the foregoing effect to the best knowledge of such officer.

E. Approval of Special Counsel

All legal matters incident to the making of the Loans on the first Borrowing Date shall be reasonably satisfactory to Special Counsel, and the Administrative Agent shall have received from Special Counsel an opinion, dated the first Borrowing Date, substantially in the form of Exhibit P.

F. Opinion of Counsel to the Borrowers and

the Parent

(a) The Administrative Agent shall have received an opinion of Scott A. Klion, Esq., Associate General Counsel to the Parent and counsel to the Domestic Borrowers, dated the first Borrowing Date, substantially in the form of Exhibit O-1.

(b) The Administrative Agent shall have received, in respect of each Borrower which is not a Domestic Borrower, an opinion of local foreign counsel, reasonably satisfactory to the Administrative Agent, to such Borrower, dated the first Borrowing Date, substantially in the form of Exhibit O-2.

G. Existing Indebtedness

All Indebtedness set forth on Schedule 5.7 shall have been paid in full, all Liens, if any, securing the same shall have been terminated, and the Administrative Agent shall have received satisfactory evidence of the foregoing.

H. Payment of Fees

The Parent and the Borrowers shall have paid to the Issuing Bank, the Swing Line Lender, the Administrative Agent, the Arranging Agent and the Lenders all fees and all expenses which they shall have agreed to pay, to the extent such fees and expenses shall have become payable on or prior to the first Borrowing Date, and shall have paid the reasonable fees and disbursements of Special Counsel in connection with such agreement to the extent billed therefor.

I. Other Documents

The Administrative Agent shall have received such other documents (including financial statements and projections), each in form and substance reasonably satisfactory to the Administrative Agent, as the Administrative Agent shall reasonably require in connection with the making of the first Loans and the issuance of the first Letters of Credit.

VI. CONDITIONS OF LENDING - ALL LOANS AND LETTERS OF CREDIT

The obligation of each Lender to make each Loan, the obligation of the Swing Line Lender to make each Swing Line Loan and the obligation of the Issuing Bank to issue each Letter of Credit is subject to the fulfillment of the following conditions precedent:

A. Compliance

On each Borrowing Date, and after giving effect to the Loans to be made, and the Letters of Credit to be issued, on such Borrowing Date, (a) there shall exist no Default or Event of Default and (b) the representations and warranties contained in this Agreement shall be true and correct with the same effect as though such representations and warranties had been made on such Borrowing Date except to the extent that any representation or warranty under Section 4.1 expressly relates to an earlier date.

B. Loan Closings

All documents required by the provisions of this Agreement to have been executed or delivered by each Credit Party to the Administrative Agent, the Issuing Bank, the Swing Line Lender or any Lender on or before the applicable Borrowing Date shall have been so executed or delivered on or before such Borrowing Date.

C. Borrowing or Letter of Credit Request

The receipt by the Administrative Agent of

a Notice of Borrowing, in the case of such Loan, or a Letter of Credit Request, in the case of a Letter of Credit, executed by the Parent and the applicable Borrower making such request.

D. Other Documents

The Administrative Agent shall have received such other documents (including financial statements and projections), each in form and substance reasonably satisfactory to the Administrative Agent, as the Administrative Agent shall reasonably require in connection with the making of the Loans and the issuance of the Letters of Credit on such Borrowing Date.

VII. AFFIRMATIVE AND FINANCIAL COVENANTS

The Parent agrees that, so long as any Loan Document is in effect, any Loan, Letter of Credit or reimbursement obligation (contingent or otherwise) in respect of any Letter of Credit remains outstanding and unpaid, or any other amount is owing under any Loan Document to any Lender or the Administrative Agent, the Parent will:

A. Legal Existence

Except as may otherwise be permitted by Sections 8.4, 8.5 and 8.6, maintain, and cause each of its Subsidiaries to maintain, (a) its corporate or partnership existence, as the case may be, and (b) such existence in good standing in the jurisdiction of its incorporation or formation and in each other jurisdiction in which the failure so to do could reasonably be expected to have a Material Adverse effect; provided however, that subject to Section 8, nothing in this Section 7.1 shall prevent the abandonment or termination of the corporate existence or good standing of any Subsidiary of the Parent (other than Tiffany, Tiffany International and Tiffany Japan) in any jurisdiction if (i), in the reasonable judgment of the Parent and such Subsidiary, such abandonment or termination is in the best interest of the Parent and its Subsidiaries taken as a whole and would not have a Material Adverse effect and (ii) such Subsidiary, at the time of such abandonment or termination, has no obligations, contingent or otherwise, under any Loan Documents to any Lender, the Swing Line Lender, the Issuing Bank or the Administrative Agent.

B. Taxes

Pay and discharge when due, and cause each of its Subsidiaries so to do, all taxes, assessments, governmental charges, license fees and levies upon or with respect to the Parent and such Subsidiary, and upon the income, profits and Property thereof unless, and only to the extent, that (a) such

taxes, assessments, governmental charges, license fees and levies shall be contested in good faith and by appropriate proceedings diligently conducted by the Parent or such Subsidiary, and (b) such reserve or other appropriate provision as shall be required by GAAP shall have been made therefor.

C. Insurance

Maintain, and cause each of its Subsidiaries to maintain, insurance with financially sound insurance carriers against at least such risks, and in at least such amounts, as are usually insured against by similar businesses, including business interruption, public liability (bodily injury and property damage), fidelity, workers' compensation (where required) and property insurance, upon request a detailed list of such insurance then in effect, stating the names of the carriers thereof, the policy numbers, the insureds thereunder, the amounts of insurance, dates of expiration thereof, and the Property and risks covered thereby; except that the Parent or any of its Subsidiaries may effect workers' compensation or similar insurance in respect of operations in any jurisdiction either through an insurance fund operated by such jurisdiction or by causing to be maintained a system or systems of self-insurance which is in accord with applicable laws and good business practice.

D. Performance of Obligations

Pay and discharge promptly when due, and cause each of its Subsidiaries so to do, all lawful Indebtedness, obligations and claims for labor, materials and supplies or otherwise which, if unpaid, could reasonably be expected to (a) have a Material Adverse effect, or (b) become a Lien on the Property of the Parent or any of its Subsidiaries, except those Liens permitted under Section 8.3, provided that neither the Parent nor such Subsidiary shall be required to pay or discharge or cause to be paid or discharged any such Indebtedness, obligation or claim so long as (i) the validity thereof shall be contested in good faith and by appropriate proceedings diligently conducted by the Parent or such Subsidiary, and (ii) such reserve or other appropriate provision as shall be required by GAAP shall have been made therefor.

E. Condition of Property

Except for ordinary wear and tear, at all times, maintain, protect and keep in good repair, working order and condition, all Property used in the operation of its business (other than Property which is replaced with similar Property), except (i) to the extent that the failure so to do would not, individually or in the aggregate, have a Material Adverse effect, and cause each of its Subsidiaries so to do and (ii) as permitted

under Sections 8.3 and 8.4.

F. Observance of Legal Requirements

Observe and comply in all material respects, and cause each of its Subsidiaries so to do, with all laws, ordinances, orders, judgments, rules, regulations, certifications, franchises, permits, licenses, directions and requirements of all Governmental Authorities, which now or at any time hereafter may be applicable to it or to such Subsidiary, a violation of which could reasonably be expected to have a Material Adverse effect.

G. Financial Statements and Other Information

Maintain, and cause each of its Subsidiaries to maintain, a standard system of accounting in accordance with GAAP, and furnish to each Lender:

(a) As soon as available and, in any event, within 105 days after the close of each fiscal year, a copy of (i) the Balance Sheet as of the end of such fiscal year, of the Parent on a Consolidated basis, and (ii) the related Statements of Income, Cash Flows and Shareholder's Equity for such fiscal year, of the Parent on a Consolidated basis, setting forth in each case in comparative form the corresponding figures in respect of the previous fiscal year, all in reasonable detail, and accompanied by, in the case of such Consolidated financial statements, a report of the Accountants, which report shall state that (A) the Accountants audited such Consolidated financial statements, (B) such audit was made in accordance with generally accepted auditing standards in effect at the time and provides a reasonable basis for such opinion, and (C) said Consolidated financial statements have been prepared in accordance with GAAP;

(b) Simultaneously with the delivery of the certified statements required by clause (a) above, copies of a certificate of such Accountants stating that, in making the examination necessary for their audit of the Consolidated financial statements of the Parent for such fiscal year, nothing came to their attention of a financial or accounting nature that caused them to believe that there shall have occurred any condition or event which would constitute a Default or an Event of Default, or, if so, specifying in such certificate all such Defaults and Events of Default and the nature and status thereof;

(c) As soon as available, and in any event within 50 days after the end of each of the first three fiscal quarters, and 105 days after the end of the last fiscal quarter, of each fiscal year, a copy of (i) the Balance Sheet, as of the end of such quarter, of the Parent on a Consolidated basis and (ii) the related Statements of Income, Cash Flows and

Shareholder's Equity, of the Parent on a Consolidated basis for (x) such quarter, and (y) the period from the beginning of the then current fiscal year to the end of such quarter, in each case in comparative form with the prior fiscal year, all in reasonable detail and prepared in accordance with GAAP (without footnotes and subject to year-end adjustments), together with a certificate of the Responsible Officer, which certificate shall state that all such financial statements fairly present the financial condition and results of operations of the Parent and its Subsidiaries and have been prepared in accordance with GAAP (but without footnotes and subject to year-end adjustments);

(d) Notwithstanding anything to the contrary contained herein, the Parent may satisfy its obligation to furnish (i) the Consolidated financial statements referred to in clause (a) above by furnishing, as soon as available, and in any event within 105 days after the end of the applicable fiscal year, a copy of the annual audited Consolidated financial statements of the Parent and its Subsidiaries prepared in conformity with GAAP and as filed with the SEC for such fiscal year, and (ii) the Consolidated financial statements referred to in clause (c) above by furnishing, as soon as available, and in any event within 50 days after the end of the applicable fiscal quarter, copies of the Consolidated financial statements of the Parent and its Subsidiaries as filed with the SEC for the applicable fiscal quarter;

(e) Simultaneously with the delivery of the financial statements required by clauses (a), (c) and (d) above, a certificate of the Responsible Officer certifying that to the best of his knowledge no condition or event has occurred which would constitute a Default or an Event of Default, or if so, specifying in such certificate all such violations, conditions and events and the nature and status thereof;

(f) Within 45 days after the end of each of the first three fiscal quarters, and within 90 days after the end of the last fiscal quarter, of each fiscal year, a Compliance Certificate, as of the end of such fiscal quarter, certified by the Responsible Officer;

(g) As soon as available, and in any event within two Business Days after any downgrade or withdrawal by either S&P or Moody's of the senior unsecured long term debt Rating assigned to the Parent, written notice to the Administrative Agent and each Lender thereof, and the effective date thereof, in each case certified by the Responsible Officer;

(h) Prompt written notice upon the Parent or any of its Subsidiaries obtaining knowledge that: (i) any Indebtedness of the Parent or any of its Subsidiaries in an aggregate amount in excess of \$5,000,000 shall have been declared

or become due and payable prior to its stated maturity, or called and not paid when due, or required to be purchased or otherwise acquired by the Parent or any of its Subsidiaries prior to its stated maturity, and whether such acceleration shall have been rescinded or annulled, or (ii) the holders of any notes, or other evidence of Indebtedness, certificates or securities evidencing any such Indebtedness, or any obligees with respect to any other Indebtedness of the Parent or any of its Subsidiaries, have the right to declare Indebtedness in an aggregate amount in excess of \$5,000,000 due and payable prior to its stated maturity or have the right to require the Parent or any of its Subsidiaries to purchase or otherwise acquire any such Indebtedness prior to its stated maturity and whether such right shall have been waived;

(i) Prompt written notice of: (i) any citation, summons, subpoena, order to show cause or other order naming the Parent or any of its Subsidiaries a party to any proceeding before any Governmental Authority which could reasonably be expected to have a Material Adverse effect, and include with such notice a copy of such citation, summons, subpoena, order to show cause or other order, (ii) any lapse or other termination of any license, permit, franchise or other authorization issued to the Parent or any of its Subsidiaries by any Governmental Authority, (iii) any refusal by any Governmental Authority to renew or extend any license, permit, franchise or other authorization, and (iv) any dispute between the Parent or any of its Subsidiaries and any Governmental Authority, which lapse, termination, refusal or dispute, referred to in clause (ii), (iii) or (iv) above, could reasonably be expected to have a Material Adverse effect;

(j) Promptly upon becoming available, copies of all regular, periodic or special reports, schedules, proxy statements, registration statements, 10-Ks, 10-Qs and 8-Ks which the Parent or any of its Subsidiaries may now or hereafter be required to file with or deliver to any securities exchange or the SEC, and copies of all material news releases sent to financial analysts;

(k) Prompt written notice in the event that the Parent or any of its Subsidiaries knows, or has reason to know, that (i) any Termination Event with respect to a Pension Plan has occurred or will occur, (ii) any condition exists with respect to a Pension Plan (other than a Multiemployer Plan) which presents a material risk of termination of such Pension Plan by the PBGC, imposition of an excise tax on the Parent, any of its Subsidiaries or any ERISA Affiliate or the requirement that the Parent, any of its Subsidiaries or any ERISA Affiliate provide security to any Pension Plan, (iii) the Parent, any of its Subsidiaries or any ERISA Affiliate has applied for a waiver of the minimum funding standard under Section 412 of the Code with

respect to a Pension Plan, (iv) the aggregate amount of the Unfunded Pension Liabilities under all Pension Plans (other than Multiemployer Plans) has increased to an amount in excess of \$2,000,000, (v) the aggregate amount of Unrecognized Retiree Welfare Liability under all applicable Employee Benefit Plans has increased to an amount in excess of \$2,000,000, (vi) the Parent, any of its Subsidiaries or any ERISA Affiliate has engaged in a Prohibited Transaction with respect to an Employee Benefit Plan, (vii) the imposition of a tax upon the Parent or any of its Subsidiaries under Section 4980B(a) of the Code, or (viii) the assessment of a civil penalty under Section 502(c) of ERISA against the Parent or any of its Subsidiaries, or (ix) any condition with respect to a Multiemployer Plan exists which presents a risk of material liability to the Parent or any of its Subsidiaries or would reasonably be expected to have a Material Adverse effect, in each case together with a certificate of the Responsible Officer setting forth the details of such event and the action which the Parent, such Subsidiary or such ERISA Affiliate proposes to take with respect thereto, together with a copy of all notices and filings with respect thereto;

(l) Prompt written notice in the event that the Parent, any of its Subsidiaries or any ERISA Affiliate shall receive a demand letter from the PBGC notifying the Parent, such Subsidiary or such ERISA Affiliate of any final decision finding liability of the Parent, any of its Subsidiaries or any ERISA Affiliate and the date by which such liability must be paid, together with a copy of such letter and a certificate of the Responsible Officer setting forth the action which the Parent, such Subsidiary or such ERISA Affiliate proposes to take with respect thereto;

(m) Promptly upon the same becoming available, and in any event by the date such amendment is adopted, a copy of any Pension Plan amendment that the Parent, any of its Subsidiaries or any ERISA Affiliate proposes to adopt which would require the posting of security under Section 401(a)(29) of the Code, together with a certificate of the Responsible Officer setting forth the reasons for the adoption of such amendment and the action which the Parent, such Subsidiary or such ERISA Affiliate proposes to take with respect thereto;

(n) As soon as possible and in any event by the 10th day after any required installment or other payment under Section 412 of the Code owed to a Pension Plan by the Parent, any of its Subsidiaries or any ERISA Affiliate shall have become due and owing and remain unpaid a copy of the notice of failure to make required contributions provided to the PBGC by the Parent, any of its Subsidiaries or any ERISA Affiliate under Section 412(n) of the Code, together with a certificate of the Responsible Officer setting forth the action which the Parent, such Subsidiary or such ERISA Affiliate proposes to take with re-

spect thereto;

(o) If the termination of any Pension Plan would result in the imposition of any tax under Section 4980 of the Code, then as soon as possible, but in no event less than 60 days before the due date of the tax, a certificate of the Responsible Officer setting forth the estimated amount of the tax, any reversion, and the proposed use of the reversion (this Section 7.7(o) shall apply to a transaction notwithstanding a reduction or complete elimination of the tax because of the operation of either Sections 4980(d) or 420(a)(3)(A) of the Code);

(p) Upon a Responsible Officer becoming aware thereof, prompt written notice that a material contribution required to be made to any Foreign Pension Plan has not been timely made, the failure of which would reasonably be expected to have a Material Adverse effect;

(q) Upon a Responsible Officer becoming aware thereof, prompt written notice of the occurrence of (i) each Default, (ii) each Event of Default, and (iii) each Material Adverse change;

(r) Promptly upon receipt thereof, copies of all audit reports relating to the Parent or any of its Subsidiaries submitted by the Accountants in connection with each annual, interim or special audit of the books of the Parent or any of its Subsidiaries; and

(s) Promptly upon request therefor, such other information and reports regarding the business, condition (financial or otherwise), property or prospects of the Parent and its Subsidiaries, as the Administrative Agent or any Lender at any time or from time to time may reasonably request.

H. Inspection

At all reasonable times, upon reasonable prior notice, permit representatives of the Administrative Agent or any Lender to visit the offices of the Parent or each of its Subsidiaries, to examine the books and records thereof and Accountants' reports relating thereto, and to make copies or extracts therefrom, to discuss the affairs of the Parent or each of its Subsidiaries with the respective officers thereof, and to examine and inspect the Property of the Parent or each of its Subsidiaries and to meet and discuss the affairs of the Parent and each of its Subsidiaries with the Accountants.

I. Authorizations

Maintain and cause each of its

Subsidiaries to maintain, in full force and effect, all copyrights, patents, trademarks, trade names, franchises, licenses, permits, applications, reports, and other authorizations and rights, as are necessary for the conduct from time to time of their businesses, except to the extent the failure so to maintain such items, individually or in the aggregate, could not reasonably be expected to have a Material Adverse effect.

J. Subsidiaries

(a) At all times maintain (directly or indirectly), beneficially and of record, (i) at least 51% of the voting control of, and at least 51% of the equity in, Tiffany & Co. K.K., and (ii) 100% of the voting control of, and 100% of the equity in, each other Subsidiary Borrower.

(b) Except as set forth on Schedule 4.1 or as may otherwise be permitted by Sections 8.4, 8.5 and 8.6, at all times maintain (directly or indirectly), beneficially and of record, 100% of the voting control of, and 100% of the equity in, each of its other Subsidiaries.

K. Leverage Ratio

At all times have a Leverage Ratio not greater than 0.55:1.00.

L. Interest Coverage Ratio

At all times have an Interest Coverage Ratio greater than 2.50:1.00.

VIII. NEGATIVE COVENANTS

The Parent agrees that, so long as any Loan Document is in effect, any Loan, Letter of Credit or reimbursement obligation (contingent or otherwise) in respect of any Letter of Credit remains outstanding and unpaid, or any other amount is owing under any Loan Document to any Lender, the Swing Line Lender or the Administrative Agent, the Parent shall not, directly or indirectly:

A. Indebtedness

Create, incur, assume or suffer to exist any Indebtedness, or permit any of its Subsidiaries so to do, except any one or more of the following types of Indebtedness: (a) Indebtedness under the Loan Documents, (b) Indebtedness of the Subsidiaries of the Parent in an aggregate principal amount not in excess of \$25,000,000 at any one time outstanding (i) in respect of capital leases, (ii) secured by Liens on Property

acquired by any such Subsidiary after the date hereof provided that such Liens are in existence on the date of such acquisition and were not placed on such Property in contemplation of such acquisition, and (iii) other purchase money Indebtedness of the Subsidiaries of the Parent, provided that, in each case under this clause (b), the Lien securing such Indebtedness is permitted by Section 8.3, (c) Indebtedness set forth on Schedule 8.1 and any refinancings, extensions and renewals thereof, (d) Indebtedness set forth on Schedule 5.7, provided that it will be repaid in full simultaneously with the making of the Loans on the first Borrowing Date, (e) Intercompany Debt, (f) other Indebtedness of the Subsidiaries of the Parent in an aggregate principal amount at any one time outstanding not to exceed \$10,000,000, provided that immediately before and after giving effect to the creation, incurrence or assumption of such Indebtedness no Default or Event of Default shall or would exist, (g) Indebtedness of the Parent, provided that immediately before and after giving effect to the creation, incurrence or assumption of such Indebtedness no Default or Event of Default shall or would exist, and (h) Indebtedness in the form of a deferred payable of Tiffany to Mitsukoshi Limited in the principal amount of 2.5 billion Japanese yen.

B. Interest Rate Protection Arrangements and Other Hedging Arrangements

Create, incur, assume or suffer to exist any indebtedness under or in respect of any Interest Rate Protection Arrangement or any Other Hedging Arrangement, or permit any of its Subsidiaries so to do, except (i) foreign currency purchased put options and forward exchange contracts intended to reduce the risk on foreign currency denominated transactions and (ii) interest rate swap agreements to modify the interest rate characteristics of up to \$100,000,000 notional principal amount of Indebtedness.

C. Liens

Create, incur, assume or suffer to exist any Lien against or on any Property now owned or hereafter acquired by the Parent or any of its Subsidiaries, or permit any of its Subsidiaries so to do, except any one or more of the following types of Liens: (a) Liens in connection with workers' compensation, unemployment insurance or other social security obligations (which phrase shall not be construed to refer to ERISA or the minimum funding obligations under Section 412 of the Code), (b) Liens to secure the performance of bids, tenders, letters of credit, contracts (other than contracts for the payment of Indebtedness), leases, statutory obligations, surety, customs, appeal, performance and payment bonds and other obligations of like nature, in each such case arising in the ordinary course of business, (c) mechanics', workmen's,

carriers', warehousemen's, materialmen's, landlords', or other like Liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith and by appropriate proceedings diligently conducted, (d) Liens for taxes, assessments, fees or governmental charges the payment of which is not required by Section 7.2, (e) easements, rights of way, restrictions, leases of Property to others, easements for installations of public utilities, title imperfections and restrictions, zoning ordinances and other similar encumbrances affecting Property which in the aggregate do not materially impair its use for the operation of the business of the Parent or such Subsidiary, (f) Liens set forth on Schedule 8.3 and any renewal thereof, (g) Liens under capital leases and Liens on Property (including, in the event such Property constitutes capital stock of a newly acquired Subsidiary of the Parent, Liens on the Property of such Subsidiary) hereafter acquired and either existing on such Property when acquired, or created contemporaneously with such acquisition, to secure the payment or financing of the purchase price thereof, provided that such Liens attach only to the Property so purchased or acquired and provided further that the Indebtedness secured by such Liens is permitted by Section 8.1(b), (h) Liens created under the Loan Documents, (i) statutory Liens in favor of lessors arising in connection with Property leased to the Parent or any of its Subsidiaries, (j) Liens of attachments, judgments or awards against the Parent or any of its Subsidiaries with respect to which an appeal or proceeding for review shall be pending or a stay of execution shall have been obtained, or which are otherwise being contested in good faith and by appropriate proceedings diligently conducted, and in respect of which adequate reserves shall have been established in accordance with GAAP on the books of the Parent or such Subsidiary, and (k) Intercompany Liens.

D. Dispositions

Make any Disposition or permit any of its Subsidiaries so to do, except any one or more of the following: (a) Dispositions of any Investments permitted under Sections 8.7(a), (b), (c), (d) or (e), (b) Intercompany Dispositions, (c) Dispositions in the ordinary course of business (including the disposition of closed stores and the disposition of certain New Jersey facilities in connection with the consolidation of such facilities' operations into a new facility to be constructed and leased in Parsippany, New Jersey), and (d) other Dispositions of Property having a fair market value which, when aggregated with the fair market value of all other Dispositions of Property (other than Dispositions described in the preceding clauses (a), (b) and (c) made on and after the Effective Date, would not exceed \$75,000,000 on a Consolidated basis, provided, however, that immediately before and after giving effect thereto, no Default or Event of Default shall or would exist.

E. Merger or Consolidation, Etc.

(a) Consolidate with, be acquired by, or merge into or with any Person, or convey or otherwise transfer all or substantially all of its Property, or permit any of its Subsidiaries so to do, except that:

(i) any of its wholly-owned Subsidiaries (other than a Borrower) may consolidate with or merge with any of its other Subsidiaries (other than a Borrower), or convey or transfer all or substantially all of its Property to any of its other wholly-owned Subsidiaries (other than a Borrower), provided that (x) immediately before and after giving effect thereto no Default or Event of Default shall or would exist and (y) the Administrative Agent shall have received 15 Business Days' prior written notice thereof, and

(ii) any of its wholly-owned Subsidiaries may consolidate with or merge with any Subsidiary Borrower, or convey or transfer all or substantially all of its Property to any Subsidiary Borrower, provided that (w) immediately before and after giving effect thereto no Default or Event of Default shall or would exist, (x) such Subsidiary Borrower shall be the survivor of such consolidation or merger, (y) the Administrative Agent shall have received 15 Business Days' prior written notice of such consolidation, merger, conveyance or transfer, and (z) the Administrative Agent shall have received such documents, opinions and certificates as the Administrative Agent shall have reasonably requested in connection therewith.

F. Acquisitions

Make any Acquisition, or permit any of its Subsidiaries so to do, except any one or more of the following: (a) Acquisitions of Investments permitted by Section 8.7, (b) Intercompany Acquisitions permitted by Section 8.5, and (c) Acquisitions by the Parent or any of its Subsidiaries, provided that (i) immediately before and after giving effect to each such Acquisition no Default or Event of Default shall or would exist, (ii) immediately after giving effect to each such Acquisition, all of the representations and warranties contained in Section 4 shall be true and correct as if then made except to the extent that any representation or warranty under Section 4.1 expressly relates to an earlier date, and (iii) the aggregate consideration paid for all such Acquisitions shall not exceed \$50,000,000.

G. Investments

Any time hold, purchase, invest in or otherwise acquire any derivative product or any interest therein or any debt security or Stock of, or any other equity interest

in, any Person, or make any loan or advance to, or enter into any arrangement for the purpose of providing funds or credit to, or make any other investment, whether by way of capital contribution or otherwise, in any Person (all of which are sometimes referred to herein as "Investments"), or permit any of its Subsidiaries so to do, except any one or more of the following Investments: (a) Investments in short-term direct obligations of the United States of America (and not the agencies or instrumentalities thereof), (b) Investments in short-term debt securities of any issuer, provided that the principal thereof and interest thereon is unconditionally guaranteed by the United States of America (and not the agencies or instrumentalities thereof), (c) Investments in short-term certificates of deposit, in Dollars, of any Lender or any other depository institution chartered under the laws of the United States of America or any State thereof the deposits of which are insured by the Federal Deposit Insurance Corporation and which has capital and undivided surplus of not less than \$500,000,000, (d) Investments in commercial paper having a commercial paper rating of not lower than (i) A-1 by S&P, or (ii) P-1 by Moody's, (e) Investments existing on the date hereof and set forth on Schedule 8.7, (f) Investments in Intercompany Debt, (g) Investments in the Parent or any Subsidiary or any Person who immediately thereafter becomes a Subsidiary, (h) Investments from the net cash proceeds received from the issuance of additional shares of the Parent's capital stock, (i) Acquisitions permitted by Section 8.6, (j) Investments in short-term certificates of deposit or similar instruments, in any Currency other than Dollars, of any bank which has capital and undivided surplus of not less than the equivalent of \$1,000,000,000, and (k) additional Investments in an aggregate amount not exceeding \$5,000,000 or the equivalent thereof.

H. Restricted Payments

Make any Restricted Payment or permit any of its Subsidiaries so to do, except any one or more of the following Restricted Payments: (a) any direct or indirect wholly-owned Subsidiary of the Parent may make dividends or other distributions to the Parent or to any other direct or indirect wholly-owned Subsidiary of the Parent, and (b) the Parent may make regular periodic dividends at a rate which is substantially consistent with past practice, provided that immediately before and after giving effect thereto, no Default or Event of Default shall or would exist.

I. Limitation on Upstream Dividends by Subsidiaries

Permit, cause or suffer to exist, any of its Subsidiaries to enter into or agree, or otherwise be or become subject, to any agreement, contract or other arrangement (other than this Agreement) with any Person pursuant to the terms

of which (a) such Subsidiary is or would be prohibited from declaring or paying any cash dividends on any class of its stock owned directly or indirectly by the Parent or any of its other Subsidiaries or from making any other distribution on account of any class of any such stock (herein referred to as "Upstream Dividends"), or (b) the declaration or payment of Upstream Dividends by a Subsidiary of the Parent to the Parent or another Subsidiary of the Parent, on an annual or cumulative basis, is or would be otherwise limited or restricted.

J. Transactions with Affiliates

Become, or permit any of its Subsidiaries to become, a party to any material transaction with any Affiliate of the Parent on a basis less favorable in any material respect than if such transaction were not with an Affiliate of the Parent.

IX. DEFAULT

A. Events of Default

The following shall each constitute an "Event of Default" hereunder:

(a) The failure of any Borrower to make any principal payment on any Loan or any reimbursement payment in respect of any Letter of Credit when due and payable; or

(b) The failure of any Borrower to make payment of any installment of interest on any Loan or any fee or other amount payable under or in respect of any Loan Document on the date when due and payable and such default shall continue unremedied for a period of three Business Days after the same shall have become due; or

(c) The failure of the Parent or any Borrower to observe or perform any covenant or agreement contained in Section 2.18, 7.1(a), 7.11 or 7.12, or in Section 8; or

(d) The failure of the Parent or any Borrower to observe or perform any other covenant or agreement contained in this Agreement, and such failure shall have continued unremedied for a period of 30 days after any Responsible Officer shall have become aware of such failure; or

(e) Any representation or warranty of any Credit Party (or of any of its officers on its behalf) made in any Loan Document or in any certificate, report, opinion (other than an opinion of counsel) or other document delivered on or after the date hereof pursuant to any Loan Document, shall in any

such case prove to have been incorrect or misleading (whether because of misstatement or omission) in any material respect when made; or

(f) (i) Liabilities and/or other obligations in an aggregate amount in excess of \$5,000,000 of the Parent or any of its Subsidiaries on a Consolidated basis (other than the obligations hereunder and Intercompany Debt), whether as principal, guarantor, surety or other obligor, for the payment or purchase of any Indebtedness, (A) shall become or shall be declared to be due and payable prior to the expressed maturity thereof (unless such acceleration shall have thereafter been unconditionally rescinded or annulled prior to the time that the Aggregate Commitment has been terminated or the Loans have become or been declared due and payable), or (B) shall not be paid when due or within any grace period for the payment or purchase thereof, or (ii) any holder of any such obligations shall have the right to declare the Indebtedness evidenced thereby due and payable or to require the purchase of the Indebtedness evidenced thereby prior to its stated maturity (unless such right shall thereafter have been unconditionally waived prior to the time such holder shall have declared such Indebtedness due and payable or required the purchase of such Indebtedness); or

(g) The Parent or any of its Subsidiaries shall (i) suspend or discontinue its business (except as may otherwise be expressly permitted herein), or (ii) make an assignment for the benefit of creditors, or (iii) generally not be paying its debts as such debts become due, or (iv) admit in writing its inability to pay its debts as they become due, or (v) file a voluntary petition in bankruptcy, or (vi) become insolvent (however such insolvency shall be evidenced), or (vii) file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment of debt, liquidation or dissolution or similar relief under any present or future statute, law or regulation of any jurisdiction, or (viii) petition or apply to any tribunal for any receiver, custodian or any trustee for any substantial part of its Property, or (ix) be the subject of any such proceeding filed against it which remains undismissed for a period of 45 days, or (x) file any answer admitting or not contesting the material allegations of any such petition filed against it, or of any order, judgment or decree approving such petition in any such proceeding, or (xi) seek, approve, consent to, or acquiesce in any such proceeding, or in the appointment of any trustee, receiver, custodian, liquidator, or fiscal agent for it, or any substantial part of its Property, or an order is entered appointing any such trustee, receiver, custodian, liquidator or fiscal agent and such order remains unstayed and in effect for 45 days; or

(h) An order for relief is entered under the bankruptcy or insolvency laws of any jurisdiction and

continues unstayed and in effect for a period of 60 days (i) adjudging the Parent or any of its Subsidiaries as bankrupt or insolvent, or (ii) approving as properly filed a petition seeking reorganization, liquidation, arrangement, adjustment or composition of, or in respect of the Parent or any of its Subsidiaries under the bankruptcy or insolvency laws of any jurisdiction, or (iii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Parent or any of its Subsidiaries or of any substantial part of the Property of any thereof, or (iv) ordering the winding up or liquidation of the affairs of the Parent or any of its Subsidiaries and any such decree or order continues unstayed and in effect for a period of 60 days; or

(i) Judgments or decrees in an aggregate amount in excess of \$5,000,000 on a Consolidated basis against the Parent or any of its Subsidiaries (except to the extent covered by insurance, provided that each applicable insurance company has expressly assumed responsibility with respect to the applicable underlying claim) shall remain unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of 30 days; or

(j) A Change of Control shall occur; or

(k) Any license, franchise, permit, right, approval or agreement of the Parent or any of its Subsidiaries to own or operate any Operating Entity owned or operated by the Parent or such Subsidiary is not renewed, or is suspended or revoked, and the non-renewal, suspension or revocation is irrevocable and not subject to appeal or challenge and would have a Material Adverse effect; or

(l) (i) any Termination Event shall occur with respect to any Pension Plan (other than a Multiemployer Plan); (ii) any Accumulated Funding Deficiency in excess of \$2,000,000, whether or not waived, shall exist with respect to any Pension Plan (other than a Multiemployer Plan); (iii) any Person shall engage in any Prohibited Transaction involving any Employee Benefit Plan which would have a Material Adverse effect; (iv) the Parent, any of its Subsidiaries or any ERISA Affiliate shall fail to pay when due an amount which is payable by it to the PBGC or to a Pension Plan (including a Multiemployer Plan) under Title IV of ERISA and such non-payment would have a Material Adverse effect; (v) the imposition of any tax under Section 4980(B)(a) of the Code; (vi) the assessment of a civil penalty with respect to any Employee Benefit Plan under Section 502(c) of ERISA; (vii) any other event or condition shall occur or exist with respect to an Employee Benefit Plan which would have a Material Adverse effect; (viii) a contribution required to be made to a Foreign Pension Plan has not been timely made which would have a Material Adverse effect; or (ix) the Parent or any

of its Subsidiaries has incurred or is likely to incur liabilities pursuant to one or more Foreign Pension Plans which would have a Material Adverse effect; or

(m) (i) Any Loan Document shall cease to be in full force and effect, or an "Event of Default" shall have occurred under, and as such term is defined therein, or (ii) the failure of any Credit Party to observe or perform any obligation on its part to be observed or performed under any Loan Document, and such failure shall have continued unremedied for a period of 30 days after any Responsible Officer shall have become aware of such failure, or any Credit Party shall disavow in writing any of its obligations thereunder.

Upon the occurrence of an Event of Default or at any time thereafter during the continuance thereof, (a) if such event is an Event of Default specified in clause (g) or (h) above, the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments and the Letter of Credit Commitment shall immediately and automatically terminate and the Loans, all accrued and unpaid interest thereon, any reimbursement obligations owing or contingently owing in respect of all outstanding Letters of Credit and all other amounts owing under the Loan Documents shall immediately become due and payable, and the Parent and the applicable Letter of Credit Applicants shall forthwith deposit an amount equal to the Letter of Credit Exposure in a cash collateral account with and under the exclusive control of the Administrative Agent, and the Administrative Agent may, and, upon the direction of the Required Lenders shall, exercise any and all remedies and other rights provided in the Loan Documents, and (b) if such event is any other Event of Default, any or all of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, and upon the direction of the Required Lenders shall, by notice to the Parent (on behalf of all Borrowers), declare the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments and the Letter of Credit Commitment to be terminated forthwith, whereupon the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments and the Letter of Credit Commitment shall immediately terminate, and (ii) with the consent of the Required Lenders, the Administrative Agent may, and upon the direction of the Required Lenders shall, by notice of default to the Parent (on behalf of all Borrowers), declare the Loans, all accrued and unpaid interest thereon, any reimbursement obligations owing or contingently owing in respect of all outstanding Letters of Credit and all other amounts owing under the Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable, and the Parent and the applicable Letter of Credit Applicants shall forthwith deposit an amount equal to the Letter of Credit Exposure in a cash collateral account with and under the exclusive control of the Administrative Agent, and the Administrative Agent

may, and upon the direction of the Required Lenders shall, exercise any and all remedies and other rights provided pursuant to the Loan Documents. Except as otherwise provided in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

In the event that the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments and the Letter of Credit Commitment shall have been terminated or the Loans shall have been declared due and payable pursuant to the provisions of this Section, any funds received by the Administrative Agent and the Lenders from or on behalf of any Borrower shall be applied by the Administrative Agent and the Lenders in liquidation of the Loans and the obligations of the Credit Parties under the Loan Documents in the following manner and order: (i) first, to the payment of interest on, and then the principal portion of, any Loans which the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or the Credit Parties; (ii) second, to the payment of any expenses due the Administrative Agent from the Credit Parties, (iii) third, to reimburse the Administrative Agent and the Lenders for any expenses (to the extent not paid pursuant to clause (ii) above due from the Parent and the Borrowers pursuant to the provisions of Section 11.5; (iv) fourth, to the payment of accrued Facility Fees, Letter of Credit Commissions and all other fees, expenses and amounts due under or in respect of the Loan Documents (other than principal and interest on the Loans and reimbursement obligations and interest thereon with respect to the Letters of Credit); (v) fifth, to the payment of interest due on the Loans and due on reimbursement obligations with respect to the Letters of Credit; (vi) sixth, to the payment of principal outstanding on the Loans and reimbursement obligations with respect to the Letters of Credit; and (vii) seventh, to the payment of any other amounts owing to the Administrative Agent and the Lenders under the Loan Documents.

X. THE ADMINISTRATIVE AGENT

A. Appointment

Each Lender hereby irrevocably designates and appoints BNY as the Administrative Agent of such Lender under the Loan Documents and each such Lender hereby irrevocably authorizes BNY, as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of the Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of the Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement or any Loan Document,

the Administrative Agent shall not have any duties or responsibilities other than those expressly set forth herein or therein, or any fiduciary relationship with the Issuing Bank, the Swing Line Lender or any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into the Loan Documents or otherwise exist against the Administrative Agent.

B. Delegation of Duties

The Administrative Agent may execute any of its duties under the Loan Documents by or through agents or attorneys-in-fact and shall be entitled to rely upon the advice of counsel concerning all matters pertaining to such duties.

C. Exculpatory Provisions

Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Loan Documents (except the Administrative Agent for its own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Credit Parties or any officers of the Credit Parties contained in the Loan Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, the Loan Documents or for the value, validity, effectiveness, genuineness, perfection, enforceability or sufficiency of any of the Loan Documents or for any failure of the Credit Parties or any other Person to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, the Loan Documents, or to inspect the properties, books or records of the Credit Parties. The Administrative Agent shall not be under any liability or responsibility whatsoever, as Administrative Agent, to the Credit Parties or any other Person as a consequence of any failure or delay in performance, or any breach, by any Lender of any of its obligations under the Loan Documents.

D. Reliance by Administrative Agent

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, opinion, letter, cablegram, telegram, fax, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed,

sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to any of the Credit Parties), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may treat each Lender, or the Person designated in the last notice filed with it under this Section, as the holder of all of the interests of such Lender in its Loans until written notice of transfer, signed by such Lender (or the Person designated in the last notice filed with the Administrative Agent) and by the Person designated in such written notice of transfer, in form and substance satisfactory to the Administrative Agent, shall have been filed with the Administrative Agent. The Administrative Agent shall not be under any duty to examine or pass upon the validity, effectiveness, enforceability, perfection or genuineness of any of the Loan Documents or any instrument, document or communication furnished pursuant hereto or thereto or in connection herewith or therewith, and the Administrative Agent shall be entitled to assume that the same are valid, effective and genuine, have been signed or sent by the proper parties and are what they purport to be. The Administrative Agent shall be fully justified in failing or refusing to take any action under the Loan Documents unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under the Loan Documents in accordance with a request or direction of the Required Lenders, and such request or direction and any action taken or failure to act pursuant thereto shall be binding upon the Issuing Bank, the Swing Line Lender and all of the Lenders and all future holders of the Indebtedness of the Credit Parties under the Loan Documents.

E. Notice of Default

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received written notice thereof from the Issuing Bank, the Swing Line Lender, any Lender, or any Credit Parties. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall promptly give notice thereof to the Issuing Bank, the Swing Line Lender and the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be directed by the Required Lenders, provided, however, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem to be in the best interests of the Issuing Bank, the Swing Line Lender and the Lenders.

F. Non-Reliance

The Issuing Bank, the Swing Line Lender and each Lender expressly acknowledges that neither the Administrative Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter, including any review of the affairs of the Credit Parties, shall be deemed to constitute any representation or warranty by the Administrative Agent to the Issuing Bank, the Swing Line Lender or any Lender. The Issuing Bank, the Swing Line Lender and each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own evaluation of and investigation into the business, operations, Property, financial and other condition and creditworthiness of the Credit Parties and made its own decision to enter into this Agreement. The Issuing Bank, the Swing Line Lender and each Lender also represents that it will, independently and without reliance upon the Administrative Agent, the Issuing Bank, the Swing Line Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, evaluations and decisions in taking or not taking action under the Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, Property, financial and other condition and creditworthiness of the Credit Parties. Except for notices, reports and other documents expressly required to be furnished to the Issuing Bank, the Swing Line Lender and the Lenders by the Administrative Agent under the Loan Documents, the Administrative Agent shall not have any duty or responsibility to provide the Issuing Bank, the Swing Line Lender or any Lender with any credit or other information concerning the business, operations, Property, financial and other condition or creditworthiness of the Credit Parties which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

G. Indemnification

Each Lender agrees to indemnify and reimburse the Administrative Agent in its capacity as such (to the extent not promptly reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), pro rata according to (i) at any time when no Loans are outstanding, its Commitment Percentage, or if no Commitments then exist, its Commitment Percentage on the last day on which Commitments did exist, and (ii) at any time when Loans are outstanding (x) if the Commitments then exist, its Commitment Percentage or (y) if the Commitments have been terminated or otherwise no longer exist, the percentage equal to the fraction (A) the numerator of which is the Credit Exposure of such Lender

and (B) the denominator of which is the Aggregate Credit Exposure, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever including any amounts paid to the Lenders (through the Administrative Agent) by the Credit Parties pursuant to the terms of the Loan Documents, that are subsequently rescinded or avoided, or must otherwise be restored or returned) which may at any time (including at any time following the payment of the Loans or the reimbursement obligations hereunder with respect to the Letters of Credit) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other documents contemplated by or referred to herein or the transactions contemplated hereby or thereby or any action taken or omitted to be taken by the Administrative Agent under or in connection with the foregoing; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting from the finally adjudicated gross negligence or willful misconduct of the Administrative Agent. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its pro rata share (calculated as set forth in the first sentence of this Section) of any unpaid costs and expenses (including reasonable fees and expenses of counsel) payable by the Credit Parties under Section 11.5, to the extent that the Administrative Agent has not been reimbursed for such costs and expenses by the Credit Parties. The failure of any Lender to reimburse the Administrative Agent promptly upon demand for its pro rata share (as so calculated) of any amount required to be paid by the Lenders to the Administrative Agent as provided in this Section shall not relieve any other Lender of its obligation hereunder to reimburse the Administrative Agent for its pro rata share (as so calculated) of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Administrative Agent for such other Lender's pro rata share (as so calculated) of such amount. The agreements in this Section shall survive the payment of all amounts payable under the Loan Documents.

H. Administrative Agent in Its Individual Capacity

BNY and its affiliates may make loans to, accept deposits from, issue letters of credit for the account of, and generally engage in any kind of business with, the Credit Parties or any of the Subsidiaries of the Parent as though BNY were not the Issuing Bank, the Swing Line Lender or the Administrative Agent hereunder. With respect to the Commitment, the Swing Line Commitment, the Individual Currency Commitment and the Letter of Credit Commitment of BNY and the Loans made by BNY, and the Letters of Credit issued by BNY, BNY shall have the same

rights and powers under the Loan Documents as any Lender and may exercise the same as though it were not the Issuing Bank, the Swing Line Lender or the Administrative Agent, and the terms "Lender" and "Lenders" shall in each case include BNY.

I. Successor Administrative Agent

If at any time the Administrative Agent deems it advisable, in its sole discretion, it may submit to each of the Issuing Bank, the Swing Line Lender and each Lender a written notice of its resignation as Administrative Agent under the Loan Documents, such resignation to be effective upon the written acceptance of the duties of the Administrative Agent under the Loan Documents by a successor Administrative Agent appointed by the Required Lenders, provided, however, that if no such appointment is made and given within 30 days after the delivery of such notice of resignation, the Administrative Agent shall have the right to appoint a successor Administrative Agent. A successor Administrative Agent shall be a commercial bank organized under the laws of the United States of America or any State thereof and having a combined capital, surplus, and undivided profits of at least \$500,000,000 and, provided that no Default or Event of Default shall exist, shall be reasonably satisfactory to the Parent. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent's rights, powers, privileges and duties as Administrative Agent under the Loan Documents shall be terminated. The Credit Parties, the Issuing Bank, the Swing Line Lender and the Lenders shall execute such documents as shall be necessary to effect such appointment. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of the Loan Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under the Loan Documents.

XI. OTHER PROVISIONS

A. Amendments and Waivers

(a) With the written consent of the Required Lenders, the Administrative Agent, the Parent and the other appropriate Credit Parties may, from time to time, enter into written amendments, supplements or modifications of any of the Loan Documents and, with the consent of the Required Lenders, the Administrative Agent on behalf of the Issuing Bank, the Swing Line Lender and the Lenders may execute and deliver to any such parties a written instrument waiving or granting a consent to a departure from, on such terms and conditions as the

Administrative Agent may specify in such instrument, any of the requirements of any of the Loan Documents or any Default or Event of Default and its consequences; provided, however, that:

(i) no such amendment, supplement, modification, waiver or consent shall increase or decrease the Commitment of any Lender without the consent of such Lender, or increase or decrease any Individual Currency Commitment of any Lender without the consent of such Lender;

(ii) without the consent of all of the Lenders, (A) extend the Maturity Date, (B) decrease the rate or extend the time of payment of interest of, or extend the time of payment or forgive the principal amount of, or change the pro rata allocation of payments under, any Loan or reimbursement obligation with respect to any Letter of Credit, (C) decrease or extend the time of payment of the Facility Fee or Letter of Credit Commissions, (D) change the provisions of Sections 2.14, 11.1 or 11.7(a), (E) change the definition of Required Lenders, (F) change the definition of Core Currencies so as to add any additional currency as a Core Currency, (G) release the Guaranty, (H) change the several nature of the obligations of the Lenders under the Loan Documents, or (I) increase the Aggregate Commitments to an amount in excess of \$160,000,000;

(iii) without the written consent of the Issuing Bank, no such amendment, supplement, modification or waiver shall change the Letter of Credit Commitment, change the amount or the time of payment of the Letter of Credit Commissions, or change any other term or provision which relates to the Letter of Credit Commitment or the Letters of Credit;

(iv) without the written consent of the Swing Line Lender, no such amendment, supplement, modification or waiver shall change the Swing Line Commitment, change the amount or the time of payment of the Swing Line Loans or interest thereon or change any other term or provision which relates to the Swing Line Commitment or the Swing Line Loans; and

(v) without the written consent of the Administrative Agent, no such amendment, supplement, modification or waiver shall amend, modify or waive any provision of Section 10 or otherwise change any of the rights or obligations of the Administrative Agent under the Loan Documents.

(b) Notwithstanding anything to the contrary contained herein, the Parent may at any time or from time to time, at the Parent's sole cost and expense, request any Lender to increase its Commitment, or any other bank, insurance company, pension fund, mutual fund or other financial institution (each a "Proposed Lender"; each such Proposed Lender to be reasonably satisfactory to the Swing Line Lender and the Issuing

Bank) to provide a new Commitment, by submitting a supplement to this Agreement to the Administrative Agent, the Issuing Bank, the Swing Line Lender and the Credit Parties. If such supplement is in all respects satisfactory to it, the Administrative Agent, the Issuing Bank, the Swing Line Lender, the Parent, each other Credit Party and such Lender or Proposed Lender, as the case may be, shall each execute a copy thereof and deliver a copy thereof to the Administrative Agent, the Parent and such Lender or such Proposed Lender, as the case may be. Upon execution and delivery of such supplement, (i) in the case of such Lender, the amount of such Lender's Commitment shall be increased to the amount set forth in such supplement, (ii) in the case of such Proposed Lender, such Proposed Lender shall become a party hereto and shall for all purposes of this Agreement and the other Loan Documents be deemed a "Lender" with a Commitment and one or more Individual Currency Commitments in the respective amounts set forth in such supplement and (iii) in each case, the Commitments and the Commitment Percentages set forth in Exhibit A-1 and the Individual Commitments set forth in Exhibit A-2 shall be adjusted accordingly by the Administrative Agent and a new Exhibit A-1 and a new Exhibit A-2 shall be distributed by the Administrative Agent to the Parent (on behalf of all Borrowers) and each Lender; provided, however, that:

(x) immediately after giving effect thereto, the Aggregate Commitments shall not exceed \$160,000,000; and

(y) notwithstanding anything to the contrary contained in Section 11.7, if immediately after giving effect to the events described in Sections 11.1(b)(i) or 11.1(b)(ii), as the case may be, Revolving Loans shall or would be outstanding, then such Lender or such Proposed Lender, as the case may be, shall enter into a master assignment and acceptance agreement with the other Lenders in all respects reasonably satisfactory to the other Lenders, pursuant to which each other Lender shall sell, assign, transfer and negotiate to it a portion of its Revolving Loans necessary to reflect the Commitments as adjusted in accordance with Section 11.1(b)(iii).

(c) Any such amendment, supplement, modification or waiver pursuant to this Section 11.1 shall be binding upon the parties to the applicable agreement, all present and future Lenders and the Administrative Agent. In the case of any waiver, the parties to the Loan Documents, the Issuing Bank, the Swing Line Lender, the Lenders and the Administrative Agent shall be restored to their former position and rights thereunder to the extent provided for in such waiver, and any Default or Event of Default waived shall not extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon. The Loan Documents may not be amended orally or by any course of conduct.

(d) If any assignment made pursuant to subsection (b)(y) above shall be made to any Proposed Lender and such Proposed Lender is not a U.S. Person, such Proposed Lender shall furnish such certificates, documents or other evidence to the Parent, the Borrowers, the Lenders and the Administrative Agent as shall be required by Section 2.13(e) or 2.13(f).

B. Notices

All notices and other communications under the Loan Documents shall be given to the parties hereto at the following addresses:

(i) if to the Parent or a Borrower, at its Address for Notices set forth on Exhibit S or as set forth on the applicable Borrower Addendum;

(ii) if to any Lender, at its Address for Notices set forth on Exhibit R;

(iii) if to the Administrative Agent, at its Address for Notices set forth on Exhibit Q;

(iv) if to the Swing Line Lender, at its Address for Notices set forth on Exhibit R;

(v) if to the Issuing Bank, at its Address for Notices set forth on Exhibit R;

or in any of the foregoing cases at such other address and/or to such other Person as a party hereto may hereafter specify for that purpose by written notice to the Parent, the Borrowers and the Administrative Agent. Such notices and other communications will be effective only if and when given in writing, and shall be deemed to have been given three (3) days after deposit in the mail, designated as certified mail, return receipt requested, postage-prepaid, at the applicable address specified above, or when delivered at the applicable address specified above, or when sent by telecopy addressed to the party to which such notice is directed at its address determined as provided above and receipt is confirmed, except that any notice, request or demand by the Parent or any Borrower to or upon the Administrative Agent, the Swing Line Lender, the Issuing Bank or the Lenders pursuant to Sections 2.3, 2.6, 2.9, 2.10, 2.11, 2.12 or 2.19 shall not be effective until received. Any party to a Loan Document may rely on signatures of the parties thereto which are transmitted by fax or other electronic means as fully as if originally signed.

C. No Waiver; Cumulative Remedies

No failure to exercise and no delay in exercising, on the part of the Administrative Agent, the Swing

Line Lender, the Issuing Bank or any Lender, any right, remedy, power or privilege under the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under the Loan Documents preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges under the Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

D. Survival of Representations and Warranties

All representations and warranties made under the Loan Documents and in any document, certificate or statement delivered pursuant thereto or in connection therewith shall survive the execution and delivery thereof.

E. Payment of Expenses and Taxes

The Parent and each Borrower (to the extent of such other Borrower's Proportionate Share of the amount at issue) severally agrees, promptly upon presentation of a statement or invoice therefor, and whether any Loan is made, or any Letter of Credit is issued (i) to pay or reimburse the Administrative Agent for all of the Administrative Agent's out-of-pocket costs and expenses reasonably incurred in connection with the preparation of the Loan Documents and any amendment, supplement or modification (whether or not executed) to the Loan Documents, any documents prepared in connection therewith and the consummation of the transactions contemplated thereby, including the reasonable fees and disbursements of Special Counsel, (ii) to pay or reimburse the Administrative Agent, the Issuing Bank, the Swing Line Lender and the Lenders for all of their respective costs and expenses, including reasonable fees and disbursements of counsel, incurred in connection with (A) any Default or Event of Default and any enforcement or collection proceedings resulting therefrom or in connection with the negotiation of any restructuring or "work-out" (whether consummated or not) of the obligations of the Parent and the Borrowers under the Loan Documents and (B) the enforcement of this Section, (iii) to pay, indemnify, and hold each Lender, the Swing Line Lender, the Issuing Bank and the Administrative Agent harmless from and against, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other similar taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, the Loan Documents and any such other documents, and (iv) to pay, indemnify and hold each Lender, the Swing Line Lender, the Issuing Bank and the Administrative Agent and each of

their respective officers, directors and employees harmless from and against any and all other liabilities, obligations, claims, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including reasonable counsel fees and disbursements) with respect to the enforcement and performance of the Loan Documents and the use of the proceeds of the Loans and the Letters of Credit (all the foregoing, collectively, the "indemnified liabilities"); provided, however, that neither the Parent nor the Borrowers shall have any obligation hereunder to pay indemnified liabilities to the Administrative Agent, the Swing Line Lender, the Issuing Bank or any Lender arising from the finally adjudicated gross negligence or willful misconduct of the Administrative Agent, the Swing Line Lender, the Issuing Bank or such Lender or claims between one indemnified party and another indemnified party. The agreements in this Section shall survive the termination of the Aggregate Commitments, the Swing Line Commitment, the Letter of Credit Commitment and the Individual Currency Commitments and the payment of all amounts payable under the Loan Documents.

F. Determination of Dollar Equivalent

For purposes of the Loan Documents, the Dollar Equivalent of each Alternate Currency Loan and each Letter of Credit designated in an Alternate Currency shall be recalculated (i) on the first day of each Borrowing/Issuance Period, (ii) on the date that the Agent shall have received a Bid Accept/Reject Letter accepting a Bid or a Negotiated Rate Confirmation, (iii) on each date that the Aggregate Commitments are, or the Swing Line Commitment or any Individual Currency Commitment is, reduced and (iv) on the last Business Day of each month unless the Dollar Equivalent was recalculated pursuant to clause (i), (ii) or (iii) during such month. The Dollar Equivalent for each Alternate Currency Loan and each Letter of Credit designated in an Alternate Currency shall remain in effect until the same is recalculated by the Administrative Agent as provided above and notice of such recalculation is received by the Parent, it being understood that until such notice is received, the Dollar Equivalent shall be that Dollar Equivalent. The Administrative Agent shall promptly notify the Parent, the Issuing Bank, the Swing Line Lender and the Lenders of each such determination of the Dollar Equivalent for each Alternate Currency Loan and each Letter of Credit designated in an Alternate Currency.

G. Assignments and Participations

(a) This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the Parent, the Borrowers, the Lenders, the Swing Line Lender, the Issuing Bank, the Administrative Agent, and their respective

successors and assigns, except that neither the Parent nor the Borrowers may assign, delegate or transfer any of their rights or obligations under the Loan Documents without the prior written consent of the Administrative Agent, the Issuing Bank, the Swing Line Lender and each Lender.

(b) Except as provided in Section 11.1(b), each Lender shall have the right at any time, upon written notice to the Administrative Agent of its intent to do so, to sell, assign, transfer or negotiate all or any part of such Lender's rights and obligations under the Loan Documents to one or more of its affiliates, to one or more of the other Lenders (or to affiliates of such other Lenders) or, with the prior written consent of the Parent, the Swing Line Lender and the Issuing Bank (which consents shall not be unreasonably withheld), to sell, assign, transfer or negotiate all or any part of such Lender's rights and obligations under the Loan Documents to any other bank, insurance company, pension fund, mutual fund or other financial institution, provided that (i) each such sale, assignment, transfer or negotiation (other than sales, assignments, transfers or negotiations (x) to affiliates of such Lender or (y) of a Lender's entire interest) shall be in a minimum amount of \$5,000,000, and (ii) there shall be paid to the Administrative Agent by the assigning or assignee Lender a fee (the "Assignment Fee") of \$3,000. For each assignment, the parties to such assignment shall execute and deliver to the Administrative Agent for its acceptance and recording an Assignment and Acceptance Agreement. Upon such execution, delivery, acceptance and recording by the Administrative Agent, from and after the effective date specified in such Assignment and Acceptance Agreement, the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance Agreement, the assignor Lender thereunder shall be released from its obligations under the Loan Documents. Upon any such sale, assignment or other transfer, the Commitments and the Commitment Percentages set forth in Exhibit A-1, and the Individual Currency Commitments set forth in Exhibit A-2, shall be adjusted accordingly by the Administrative Agent and a new Exhibit A-1 and a new Exhibit A-2 shall be distributed by the Administrative Agent to the Parent (on behalf of all Borrowers) and each Lender.

(c) Each Lender may grant participations in all or any part of its rights and obligations under the Loan Documents to one or more of its affiliates, to one or more of the other Lenders (or to affiliates of such other Lenders) or to one or more other banks, insurance companies, pension funds, mutual funds or other financial institutions, provided that (i) such Lender's obligations under the Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties to the Loan Documents for the performance of such obligations, (iii) the Borrowers, the Administrative Agent, the Swing Line Lender, the Issuing Bank and the other Lenders

shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents, (iv) no sub-participations shall be permitted and (v) the voting rights of any holder of any participation shall be limited to decisions that in accordance with Section 11.1 require the consent of all of the Lenders. The Parent and the Borrowers acknowledge and agree that any such participant shall for purposes of Sections 2.13, 2.14, 2.15, 2.22, 11.5 and 11.10, be deemed to be a "Lender"; provided, however, neither the Parent nor the Borrowers shall, at any time, be obligated to pay any participant in any interest of any Lender hereunder any sum in excess of the sum which the Parent and the Borrowers would have been obligated to pay to such Lender in respect of such interest had such Lender not sold such participation.

(d) If any (i) assignment is made pursuant to subsection (b) above or (ii) any participation is granted pursuant to subsection (c) above, shall be made to any Person that is not a U.S. Person, such Person shall furnish such certificates, documents or other evidence to the Parent, the Borrowers and the Administrative Agent, in the case of clause (i) and to the Parent, the Borrowers and the Lender which sold such participation in the case of clause (ii), as shall be required by Section 2.13(e) or 2.13(f).

(e) No Lender shall, as between and among the Parent, the Borrowers, the Administrative Agent, the Swing Line Lender, the Issuing Bank and such Lender, be relieved of any of its obligations under the Loan Documents as a result of any sale, assignment, transfer or negotiation of, or granting of participations in, all or any part of its rights and obligations under the Loan Documents, except that a Lender shall be relieved of its obligations under the Loan Documents to the extent of any such sale, assignment, transfer, or negotiation of all or any part of its obligations under the Loan Documents pursuant to subsection (b) above.

(f) Notwithstanding anything to the contrary contained in this Section, any Lender may at any time or from time to time assign all or any portion of its rights under the Loan Documents to a Federal Reserve Bank, provided that any such assignment shall not release such assignor from its obligations thereunder.

H. Counterparts

Each of the Loan Documents may be executed by one or more of the parties thereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same document. It shall not be necessary in making proof of any Loan Document to produce or account for more than one counterpart signed by the party to be

charged. An executed counterpart of any Loan Document and of any amendment, modification, consent or waiver thereto or thereof transmitted by fax shall be deemed to be an originally executed counterpart. A copy of any Loan Document signed by all the parties thereto shall be deposited with the Parent (on behalf of all Borrowers) and the Administrative Agent. Any party to any Loan Document may rely upon the signatures of any other party thereto which are transmitted by fax or other electronic means to the same extent as if originally signed.

I. Adjustments; Set-off

(a) If any Lender (a "Benefited Lender") shall at any time receive any payment of all or any part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 9.1 (g) or (h), or otherwise) in a greater proportion than any such payment to and collateral received by any other Lender in respect of such other Lender's Loans, or interest thereon, such Benefited Lender shall purchase for cash from each of the other Lenders such portion of each such other Lender's Loans, and shall provide each of such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders, provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrowers agree that each Lender so purchasing a portion of another Lender's Loans may exercise all rights of payment (including rights of set-off, to the extent not prohibited by law) with respect to such portion as fully as if such Lender were the direct holder of such portion.

(b) In addition to any rights and remedies of the Lenders provided by law, upon the occurrence of an Event of Default and the acceleration of the obligations owing in connection with the Loan Documents, or at any time upon the occurrence and during the continuance of an Event of Default, under Section 9.1(a), (b), (g) or (h), each Lender shall have the right, without prior notice to the Parent or the Borrowers, any such notice being expressly waived by the Parent and the Borrowers to the extent not prohibited by applicable law, to set-off and apply against any indebtedness, whether matured or unmatured, of the Parent or the Borrowers to such Lender, any amount owing from such Lender to the Parent or the Borrowers, at, or at any time after, the happening of any of the above-mentioned events. To the extent not prohibited by applicable law, the aforesaid right of set-off may be exercised by such Lender

against the Parent and the Borrowers or against any trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor of the Parent or the Borrowers, or against anyone else claiming through or against the Parent or the Borrowers or such trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off shall not have been exercised by such Lender prior to the making, filing or issuance, or service upon such Lender of, or of notice of, any such petition, assignment for the benefit of creditors, appointment or application for the appointment of a receiver, or issuance of execution, subpoena, order or warrant. Each Lender agrees promptly to notify the Parent, the Borrowers and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. With respect to each Borrower, the right of set-off provided for in this Section 11.9(b) shall be limited to the obligations of such Borrower with respect to Loans made to it and to its Proportionate Share of other costs, expenses and other amounts.

J. Indemnity

Each of the Borrowers to the extent of its Proportionate Share and the Parent severally agree to indemnify and hold harmless the Administrative Agent, the Swing Line Lender, the Issuing Bank and each Lender and their respective affiliates, directors, officers, employees, attorneys and agents (each an "Indemnified Person") with respect to each Indemnified Person's status under the Loan Documents from and against any loss, cost, liability, damage or expense (including the reasonable fees and disbursements of counsel of such Indemnified Person, including all local counsel hired by any such counsel) incurred by such Indemnified Person in investigating, preparing for, defending against, or providing evidence, producing documents or taking any other action in respect of, any commenced or threatened litigation, administrative proceeding or investigation under any federal securities law or any other statute of any jurisdiction, or any regulation, or at common law or otherwise, which is alleged to arise out of or is based upon (i) any untrue statement or alleged untrue statement of any material fact by the Parent or the Borrowers in any document or schedule executed or filed with any Governmental Authority by or on behalf of the Parent or the Borrowers; (ii) any omission or alleged omission to state any material fact required to be stated in such document or schedule, or necessary to make the statements made therein, in light of the circumstances under which made, not misleading; (iii) any acts, practices or omissions or alleged acts, practices or omissions of the Parent or the Borrowers or their respective agents relating to the use of the proceeds of

any or all borrowings made by the Borrowers which are alleged to be in violation of Section 2.18, or in violation of any federal securities law or of any other statute, regulation or other law of any jurisdiction applicable thereto; or (iv) any acquisition or proposed acquisition by the Parent or the Borrowers of all or a portion of the Stock, or all or a portion of the assets, of any Person whether such Indemnified Person is a party thereto. The indemnity set forth herein shall be in addition to any other obligations or liabilities of the Parent and the Borrowers to each Indemnified Person under the Loan Documents or at common law or otherwise, and shall survive any termination of the Loan Documents, the expiration of the Commitments, the Letter of Credit Commitment, the Swing Line Commitment, the Individual Currency Commitments, and the payment of all indebtedness of the Parent and the Borrowers under the Loan Documents, provided that the Parent and the Borrowers shall have no obligation under this Section to an Indemnified Person with respect to any of the foregoing to the extent found in a final judgment of a court having jurisdiction to have resulted out of the gross negligence or wilful misconduct of such Indemnified Person or arising from claims between one such Indemnified Person and another such Indemnified Person.

K. GOVERNING LAW

THE LOAN DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES THERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

L. Severability

Every provision of this Agreement and the other Loan Documents is intended to be severable, and if any term or provision hereof or thereof shall be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof or thereof shall not be affected or impaired thereby, and any invalidity, illegality or unenforceability in any jurisdiction shall not affect the validity, legality or enforceability of any such term or provision in any other jurisdiction.

M. Integration

All exhibits to this Agreement and any other Loan Document shall be deemed to be a part hereof or thereof, as the case may be. Except for agreements between the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Parent with respect to certain fees, the Loan Documents embody the entire agreement and understanding among the Parent, the Borrowers, the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Lenders with respect to the subject

matter thereof and supersede all prior agreements and understandings among the Parent, the Borrowers, the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Lenders with respect to the subject matter thereof.

N. Judgment Currency

(a) Each Credit Party's obligations under the Loan Documents to make payments in the Applicable Currency (the "Obligation Currency") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that, on the Business Day immediately following the date of such tender or recovery, the Administrative Agent, the Swing Line Lender, the Issuing Bank or the applicable Lender, as the case may be, may, in accordance with normal banking procedures, purchase the Obligation Currency with such other currency. If for the purpose of obtaining or enforcing judgment against any Credit Party in any court or in any jurisdiction, it becomes necessary to convert into any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in the Obligation Currency, the conversion shall be made at the rate of exchange at which, in accordance with normal banking procedures in the relevant jurisdiction, the Obligation Currency could be purchased with the Judgment Currency as of the day immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "Judgment Currency Conversion Date").

(b) If the amount of Obligation Currency purchased pursuant to the last sentence of subsection (a) above is less than the sum originally due in the Obligation Currency, the applicable Credit Party covenants and agrees to indemnify the applicable recipient against such loss, and if the Obligation Currency so purchased exceeds the sum originally due to such recipient, such recipient agrees to remit to the applicable Credit Party such excess.

O. Confidentiality

Any information disclosed by any Credit Party to the Administrative Agent or any of the Lenders shall be used solely for purposes of the Loan Documents and not in any other manner detrimental to the Parent and, if such information is not otherwise in the public domain, shall not be disclosed by the Administrative Agent or such Lender to any other Person except (i) to its independent accountants, legal counsel and affiliates (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (ii) pursuant to statutory and regulatory

requirements or the request of bank examiners, (iii) pursuant to any mandatory court order, subpoena or other legal process, (iv) to the Administrative Agent, the Issuing Bank, the Swing Line Lender or any other Lender, (v) pursuant to any agreement heretofore or hereafter made between such Lender and the Parent which permits such disclosure, (vi) in connection with the exercise of any remedy under the Loan Documents or (vii) subject to an agreement containing provisions substantially the same as those of this Section, to any participant in or assignee of, or prospective participant in or assignee of, any Loan, Letter of Credit Commitment, Individual Currency Commitment or Commitment (it being understood that prior to any such disclosures contemplated by clauses (ii) and (iii) above, the Agent or such Lender shall, if practicable, give the Parent prior written notice of such disclosure).

P. CONSENT TO JURISDICTION

EACH CREDIT PARTY HEREBY IRREVOCABLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS. EACH CREDIT PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED OR NOT PROHIBITED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Q. Service of Process

Each Credit Party hereby irrevocably consents to the service of process in any suit, action or proceeding by sending the same by certified mail, return receipt requested or by overnight courier service, to the address of such Credit Party set forth in Section 11.2.

R. No Limitation on Service or Suit

Nothing in the Loan Documents or any modification, waiver, consent or amendment thereto shall affect the right of the Administrative Agent, the Swing Line Lender, the Issuing Bank or any Lender to serve process in any manner permitted by law or limit the right of the Administrative Agent, the Swing Line Lender, the Issuing Bank or any Lender to bring proceedings against any Credit Party in the courts of any jurisdiction or jurisdictions in which such Credit Party may be served.

S. WAIVER OF TRIAL BY JURY

EACH OF THE ADMINISTRATIVE AGENT, THE

SWING LINE LENDER, THE ISSUING BANK, THE LENDERS AND EACH CREDIT PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY.

T. International Banking Facilities

The Parent and the Borrowers acknowledge that some or all of the Lenders may, in connection with the Loan Documents, utilize an International banking facility (as defined in Regulation D).

Each Borrower which is an entity located outside the United States, understands that it is the policy of the Board of Governors of the Federal Reserve System that deposits received by International banking facilities may be used only to support the non-U.S. operations of a depositor (or its foreign affiliates) located outside the United States and that extensions of credit by International banking facilities may be used only to finance the non-U.S. operations of a customer (or its foreign affiliates) located outside the United States.

Each Borrower which is an entity located outside the United States acknowledges that the proceeds of its borrowings hereunder from an International banking facility will be used solely to finance its operations outside the United States, or that of its foreign affiliates.

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

TIFFANY & CO.,
a Delaware corporation

By: _____
Name: _____
Title: _____

TIFFANY AND COMPANY,
a New York corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. INTERNATIONAL,
a Delaware corporation

By: _____
Name: _____
Title: _____

SOCIETE FRANCAISE POUR LE DEVELOPPMENT DE LA
PORCELAINE D'ART (S.A.R.L.), a French
corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. OF NEW YORK LIMITED, a Hong Kong
corporation

By: _____
Name: _____
Title: _____

TIFFANY-FARAONE S.P.A.,
an Italian corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. JAPAN INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. PTE. LTD.,
a Singapore corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO.,
a United Kingdom corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. WATCH FACTORY S.A.,
a Swiss corporation

By: _____
Name: _____
Title: _____

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

THE BANK OF NEW YORK,
as the Swing Line Lender, as the Issuing Bank,
as a Lender, as Arranging Agent and as Administrative Agent

By: _____
Name: _____
Title: _____

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

CHEMICAL BANK

By: _____
Name: _____
Title: _____

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

CREDIT SUISSE

By: _____
Name: _____
Title: _____

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

THE DAI-ICHI KANGYO BANK, LIMITED (NEW YORK BRANCH)

By: _____
Name: _____
Title: _____

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

THE FUJI BANK, LTD.

By: _____
Name: _____
Title: _____

TIFFANY EXHIBIT A-1
LIST OF COMMITMENTS

Commitment Lender -----	Commitment -----	Percentage -----
The Bank of New York	\$30,000,000.00	0.23076924
Chemical Bank	25,000,000.00	0.19230769
Credit Suisse	25,000,000.00	0.19230769
The Dai-Ichi Kangyo Bank, Limited (New York Branch)	25,000,000.00	0.19230769
The Fuji Bank, Limited	25,000,000.00	0.19230769
TOTAL	\$130,000,000.00	100%
	=====	=====

TIFFANY EXHIBIT A-2
LIST OF INDIVIDUAL CURRENCY COMMITMENTS

Australian Dollars

Lender	Individual Currency Commitment
Dai-Ichi Kangyo	\$3,000,000.00
Fuji Bank	\$3,000,000.00

Canadian Dollars

Lender	Individual Currency Commitment
Credit Suisse	\$5,000,000.00

Hong Kong Dollars

Lender	Individual Currency Commitment
BNY	\$3,000,000.00

Italian Lira

Lender	Individual Currency Commitment
Chemical Bank	\$3,000,000.00
Credit Suisse	\$5,000,000.00

Korean Won

Lender	Individual Currency Commitment
BNY	\$3,000,000.00

Malaysian Ringgit

Lender	Individual Currency Commitment
-	-

Mexican Pesos

Lender	Individual Currency Commitment
-	-

New Taiwan Dollars

Lender	Individual Currency Commitment
BNY	\$3,000,000.00

Philippine Pesos	

Lender	Individual Currency Commitment
-	-
Singapore Dollars	

Lender	Individual Currency Commitment
BNY	\$3,000,000.00
Swiss Francs	

Lender	Individual Currency Commitment
Chemical Bank	\$3,000,000.00
Credit Suisse	\$5,000,000.00
Thai Baht	

Lender	Individual Currency Commitment
-	-

LEASE AGREEMENT

dated as of

August 1, 1995

by and between

First Fidelity Bank, National Association, not in its individual
capacity,
but solely as the trustee under that certain
Trust Agreement 1995-1 dated as of July 1, 1995, as Owner-Lessor

and

TIFFANY AND COMPANY, a New York corporation, as Lessee

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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), dated as of August 1, 1995, by and between First Fidelity Bank, National Association, a national banking association, not in its individual capacity, except as expressly set forth herein, but solely as trustee under that certain Trust Agreement 1995-1 dated as of July 1, 1995, as owner-lessor hereunder ("Owner") and TIFFANY AND COMPANY, a corporation organized and operated under the laws of the State of New York, as lessee hereunder ("Lessee").

PRELIMINARY STATEMENT

Lessee has entered into an Agreement for Purchase and Sale of Real Estate by and between Pru Beta-3, as seller, and Lessee, as purchaser, dated as of November 4, 1994 (the "P&S") to acquire a parcel of land consisting of approximately 40.713 acres, more or less, located in the Township of Parsippany-Troy Hills, Morris County, New Jersey, more particularly described in Exhibit A attached hereto (the "Land"). Lessee wishes to cause the construction of an office building, distribution center, warehouse facility and light manufacturing facility more particularly described in Exhibit A-1 hereof (all site improvements, base building, building systems, equipment and related fixtures now or hereafter existing on the Land, and any substitutions or replacements of or additions to the same are referred to as the "Improvements"). Lessee has determined that the most advantageous financing for the acquisition of the Land and the design and construction of the Improvements can be realized by assigning purchaser's rights under the P&S to Owner, permitting Owner to purchase the Land, contracting with Owner to construct the Improvements as Owner's agent and leasing the Land and Improvements (collectively, with all easements, privileges, rights and appurtenances thereto, the "Leased Property") from Owner pursuant to this Lease. Concurrently with the assignment of the P&S by Lessee to Owner, and Owner's purchase of the Land, Owner and Lessee will enter into this Lease for the Leased Property, which Lease is intended to be an operating lease for accounting purposes under GAAP. The date upon which Lessee assigns the P&S to the Owner, the Owner acquires the Land and Lessee and Owner enter into this Lease is referred to as the "Closing Date".

On the Closing Date, Owner will purchase the Land pursuant to the P&S for a purchase price of \$4,800,000 and pay a broker's commission equal to eight percent (8%) of said purchase price to Cushman & Wakefield of New Jersey, Inc., a portion of which amount will be provided by the beneficiary of Owner, First

Fidelity Bank, not in its individual capacity but solely as trustee under that certain Trust Agreement 1995-2 dated as of July 1, 1995 (the "Beneficiary"), from the proceeds of a loan (the "Investor Loan") in the amount of \$1,925,000 to be made to the Beneficiary by Stellar Capital Corporation ("Construction Lender"). Lessee and Owner will enter into a Construction Agency Agreement on the Closing Date which will provide, among other things, that Lessee will construct the Improvements upon the Land as agent for Owner. Pursuant to the Construction Agency Agreement, Owner will finance the purchase of the Land and payment of the brokerage commission therefor (to the extent the proceeds of the Investor Loan are insufficient) and will finance the construction of the Improvements from the proceeds from a Construction Loan to be made to Owner by the Construction Lender in an amount not to exceed \$36,575,000. Lessee, Owner and Construction Lender have agreed upon a total "Project Budget" proposed by Lessee for all Development Costs. Lessee has agreed that if at any time the undisbursed portion of the funds available for advance by the Construction Lender under the Construction Loan, together with any unadvanced Owner's Equity, is not sufficient to pay for all Development Costs, then Lessee, out of its own funds, will pay all Development Costs (or such Development Costs of the particular line item of the Project Budget for which there is a deficiency) until (A) there is no longer any deficiency and (B) there are sufficient undisbursed funds available under the Loan to pay all remaining Development Costs. The Project Budget includes three major subcategories of Development Costs including "Acquisition Costs", "Hard Costs" and "Soft Costs". The Project Budget does not include any amounts allocated for the cost of furniture, fixtures and equipment, other than equipment which forms a part of the building systems.

The Lease provides for an Interim Term during which the Improvements are to be completed by Lessee (provided, however, such completion shall take place on or before January 31, 1997, subject to extension pursuant to Section 4(a) of the Lease). If Lessee satisfies all of the conditions set forth in Section 4(a) of the Lease on or prior to the date set forth therein, has not previously given notice to the Owner that it has elected not to enter into the Basic Lease Term and Owner is not entitled to terminate the leasehold estate created hereby pursuant to Section 4(c) hereof, a Basic Lease Term shall commence and continue until the Basic Lease Term Expiration Date. Upon the expiration of the Basic Lease Term, Lessee will have options to extend the Lease for nine (9) consecutive one (1)-year Extension Lease Terms. At the end of the Interim Lease Term, Basic Lease Term or any Extension Lease Term, Lessee has an option to purchase the Leased Property for the Purchase Price set forth in this Lease. If Lessee does not exercise its option to purchase the Leased Property, Lessee is obligated to solicit bids for the purchase of

the Leased Property from third parties. If the Leased Property is sold to a third party pursuant to the provisions of the Lease or is returned to the Owner upon the completion of the Interim Lease Term, the Basic Lease Term or any Extension Lease Term or upon any Termination Date, Lessee will be obligated to pay the applicable End of Term Adjustment provided for in this Lease to Owner.

On the date hereof, BOT Financial Corporation or a designee thereof ("LC Issuer") shall enter into a Reimbursement and Remarketing Agreement with the Beneficiary pursuant to which the LC Issuer will issue or agree to issue its Letter of Credit for the benefit of the holder of the Investor Loan in an amount up to the Maximum Owner Risk Amount.

The construction of the Improvements shall be undertaken by Lessee, as agent under the Construction Agency Agreement. In connection therewith, Lessee has previously entered into and assigned to Owner on the Closing Date or will enter into or will receive and approve on or before the Closing Date as agent thereunder, the following documents:

(a) Guaranteed Maximum Price Construction Contract with Turner Construction Company, as general contractor dated July 31, 1995;

(b) Agreement for Architectural and Engineering Services with Perkins & Will Architects, P.C., dated December 15, 1993 ("Architect's Contract");

(c) Agreements other design and engineering services which are more particularly listed in Exhibit E to the Construction Loan Agreement;

(d) The plans, specifications and working drawings prepared by the Architect which are more particularly listed in Exhibit E to the Construction Loan Agreement; and

(e) The other contracts and documents described in Section 5.1 of the Construction Loan Agreement.

The foregoing documents, as they may be hereafter amended or supplemented in accordance with the Transaction Documents from time to time, are referred to as the "Approved Construction Documents".

At Closing, Lessee, as agent for Owner under the Construction Agency Agreement, will accept the assignment of the Development Services Agreement made as of the 4th day of November, 1994 between Lessee and PIC Realty, a Delaware

corporation having an office at 751 Broad Street, Newark, New Jersey and Lessee shall be reimbursed for all costs incurred under such Development Services Agreement (to the extent of such expense as shown on the Project Budget) pursuant to the terms of the Construction Agency Agreement.

In consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, and except as specifically provided herein, each of the capitalized terms shall have the meaning set forth in the Definitions Appendix attached to this Lease, as the same may be amended, modified or supplemented from time to time.

Unless otherwise expressly stated, the words "this Lease," "herein," "hereunder," "hereof" or other like words mean and include this Lease, all exhibits hereto and each amendment and supplement hereto.

Section 2. Agreement to Lease. Owner hereby leases, lets and demises unto Lessee, and Lessee hereby leases, rents and takes possession from Owner, all of the Owner's right, title and interest in (i) the Land, (ii) all Improvements now or hereafter constructed thereon and (iii) all easements, privileges, rights and appurtenances thereto (the Land, Improvements and all such easements, privileges, rights and appurtenances are collectively referred to herein as the "Leased Property"), to have and to hold the same for the Term, subject to the covenants, agreements, terms, conditions, limitations and provisions hereinafter set forth.

Section 3. Term.

The Interim Lease Term shall commence on the Closing Date, and, unless this Lease is sooner terminated pursuant to the provisions hereof, shall end on the day immediately preceding the Basic Term Commencement Date. Subject to the conditions set forth in Section 4(a) below and the exercise of Lessee's right to elect to enter into the Basic Lease Term pursuant to Section 29 hereof, the Basic Lease Term shall commence on the Basic Term Commencement Date, and, unless this Lease is sooner terminated pursuant to the provisions hereof, shall end on the Basic Lease Term Expiration Date, or if this Lease is extended pursuant to Section 29(a) hereof, on the last day of the last Extension Lease Term hereof for which this Lease is renewed.

Section 4. Conditions Precedent Prior to Basic Term Commencement Date.

(a) Unless otherwise waived in writing by the Owner or the Lender, the right of Lessee to lease the Leased Property from the Owner under this Lease beyond the Interim Lease Term is subject to the fulfillment of each of the following conditions of the Owner during and as of the end of the Interim Lease Term: (i) Lessee shall perform all of its obligations under the Construction Agency Agreement, as agent or for itself, during the Interim Lease Term; (ii) no event which is a Default or an Event of Default hereunder or under the Construction Agency Agreement has occurred and is continuing; (iii) Owner shall have received a certificate from the Lender's Construction Consultant that the Improvements are Substantially Complete and shall also have received such other documents, appraisals, opinions, certificates and waivers, as Owner may require in the exercise of reasonable business judgment, including, if requested, certificates from the Architect and General Contractor, in form and substance reasonably satisfactory to assure Owner that the Improvements are ready for occupancy and that no liens or claims are outstanding against the Leased Property (other than Permitted Liens), and (iv) Lessee shall have satisfied each of the foregoing conditions on or before January 31, 1997, provided, however, that if an act or event of Force Majeure occurs which prevents Lessee from completing the Improvements by January 31, 1997, Lessee shall be entitled to an extension beyond January 31, 1997 in which to satisfy such conditions, provided, however, that such extension shall not extend beyond the earlier to occur of July 31, 1997 or the number of days which the act or event of Force Majeure delayed completion of the Improvements.

(b) If such conditions set forth in Section 4(a) above have not been met in full to the satisfaction of Owner by January 31, 1997 (or such later date determined in accordance with paragraph (a) above for delays due to an act or event of Force Majeure) and regardless of whether Lessee has elected not to enter the Basic Lease Term pursuant to Section 29(a) hereof, Owner may declare by written notice to Lessee that an amount equal to the sum of (i) all unpaid Base Rental and Additional Rental for all Rental Periods through the payment date specified in the notice, plus (ii) an amount equal to one hundred percent (100%) of all Project Costs (incurred through the date of payment) including, without limitation, all Interim Rental accruing during the Construction Period, plus, (iii) to the extent such amounts have not been included in Project Costs, all interest, costs, fees, reimbursements and all other amounts due and payable to either Owner or Lender under the Transaction Documents, including, without limitation, the costs to complete the Improvements incurred to the date of payment shall be due and payable on a date specified by Owner in such notice. Upon payment of such amount to Owner by Lessee, Owner shall transfer to Lessee all of the Owner's interest in the Leased Property to Lessee in

accordance with the terms and provisions of Section 32 hereof, and this Lease shall terminate without any further action being required, and all rights and obligations hereunder and thereunder shall cease, except for those which by their terms survive the termination of this Lease.

(c) Lessee agrees that it shall use its reasonable good faith efforts to arrange for (x) a Long-Term Loan between the Owner and Long-Term Lender on terms and conditions acceptable to Owner and Lessee to be effective as of the Conversion Date and (y) the assignment as of the Conversion Date of the Investor Loan by the Construction Lender for consideration and on terms and conditions which are acceptable to the Construction Lender, such arrangements to be made prior to the expiration of the Interim Lease Term. The financing described in (x) and (y) above is referred to as the "Takeout Financing." If the Takeout Financing has not been entered into by the Owner and Long-Term Lender on or prior to January 31, 1996, the Owner may elect in its sole and absolute discretion to terminate the leasehold estate created hereby, such termination to be effective on January 31, 1997 (or such later date permitted for delays due to an act or event of Force Majeure by which date Lessee is required to meet in full to the satisfaction of the Owner the conditions set forth in Section 4(a)) (the date of the termination of the Lessee's leasehold estate pursuant to this sentence will be deemed the "Termination Date" applicable to the Interim Lease Term). Unless Lessee notifies Owner, Lender and LC Issuer in writing on or prior to January 31, 1996 that such Takeout Financing has been entered into, it shall be conclusively deemed by the parties hereto that there has been a failure by Owner and the Long-Term Lender to enter into the Takeout Financing on or prior to January 31, 1996. The Owner shall be conclusively deemed to have exercised its right to elect to terminate the leasehold estate for a failure to enter into the Takeout Financing unless Owner shall have given written notice to Lessee on or before February 10, 1996 that the Owner has not elected to terminate the leasehold estate created hereby. If Owner elects (or is deemed to have elected) to terminate the leasehold estate for a failure to enter into the Takeout Financing as aforesaid, Lessee shall be entitled, at its option (x) to give notice that the Lessee intends to remarket the Leased Property in accordance with Section 30(a) hereof and to pay to Owner on the Termination Date the End of Term Adjustment as set forth in Section 31(a) or 31(b), as applicable, or (y) to give notice ("Special Nonreturn Option Notice") that on the Termination Date, (A) the Leased Property will be sold to a third party pursuant to a bid which meets the requirements of Section 30(b) below or (B) the Lessee will purchase the Owner's interest in the Leased Property in accordance with Section 32 hereof for an amount equal to the Purchase Price applicable to the Interim Lease Term or (C) if Owner and the Long-Term Lender enter into

the Takeout Financing on or before January 31, 1997 (or such later date permitted for delays due to an act or event of Force Majeure by which date Lessee is required to meet in full to the satisfaction of the Owner the conditions set forth in Section 4(a) hereof) and the conditions set forth in Section 4(a) hereof to the commencement of the Basic Term have been met in full to the satisfaction of the Owner, to enter into the Basic Lease Term, in which case the election by Owner (whether deemed or otherwise) to terminate the leasehold estate created hereby shall be rescinded without further notice or action being required of any party. To exercise the option set forth in clause (x) above to remarket the Leased Property and to pay to Owner on the Termination Date the applicable End of Term Adjustment, the Lessee shall give written notice to the Owner, Construction Lender and LC Issuer on or prior to February 15, 1996 that Lessee intends to exercise such option. If the Lessee elects to exercise the option set forth in clause (x) above, the Leased Property shall be returned to the Owner in accordance with the provisions of Section 34 hereof on the Termination Date (unless delivered to a bidder in accordance with Section 30(b) hereof). If Lessee does not give Owner, the Construction Lender and LC Issuer notice that the Lessee intends to exercise the option set forth in clause (x) above on or prior to February 15, 1996, the Lessee shall be conclusively deemed to have issued a Special Nonreturn Option Notice. If Lessee has issued (or is deemed to have issued) a Special Nonreturn Option Notice and the Lessee desires to sell the Property to a third party, it shall be required to submit a third-party bid which meets the requirements of Section 30(b) no later than thirty (30) days prior to the Termination Date; otherwise, (i) the Lessee shall be obligated to purchase the Leased Property on the Termination Date as if an election to purchase had been made under Section 29(b) hereof, or (ii) if the conditions to the rescission of Owner's election to terminate the leasehold estate of Lessee described in subclause (C) of clause (y) above have been met, to enter into the Basic Lease Term. If the Lessee elects to purchase the Leased Property after a Special Nonreturn Option Notice has been issued (or deemed issued), then notwithstanding the provisions of Section 19 below, Lessee may freely assign its option to purchase to any third party.

Section 5. Rental. Lessee shall pay to Owner (or as otherwise directed in writing by Owner as to place and manner of payment) the Base Rental and Additional Rental in the amounts, at the times and in the manner set forth below, such amounts constituting in the aggregate the total of the rental payable under this Lease, as follows:

(a) Lessee hereby agrees to pay Base Rental semiannually in arrears on the first day of each January and July during the

Basic Lease Term and each Extension Lease Term in an amount equal to the applicable Rental Factor (as shown on Exhibit B hereto, as such Exhibit may be revised by Owner from time to time in accordance with Section 5(c) hereof) multiplied by the Project Costs. During and after the Interim Lease Term but prior to the Basic Term Commencement Date, Interim Rental shall be capitalized and added to Project Costs in an amount equal to the sum of (x) for each day during the Interim Lease Term on and after which the Owner's Equity has been contributed, an amount equal to a fraction, the numerator of which is the then Interim Rental Rate and the denominator of which is 360, multiplied by the Owner's Equity, plus (y) all interest accruing during the Construction Period on advances made on the Construction Loan to the extent that such interest has not been funded by a further advance under the Construction Loan.

(b) In addition to the Base Rental, Lessee agrees during the Term to pay as Additional Rental to the Owner or the Person entitled to receive the same all of the following:

(i) All "taxes and other impositions" (as defined in Section 8(a) hereof);

(ii) Insurance premiums, if any, on all insurance required to be obtained and maintained in force and effect by Lessee under the provisions of Section 15 of this Lease;

(iii) All other costs and expenses of every nature whatsoever incurred by Lessee incident to the ownership, management, maintenance, repair, replacement, restoration, and operation of the Leased Property;

(iv) All indemnities, fees and expenses (not otherwise paid or provided for out of the proceeds of the Loan or the Owner's Equity) incurred by Owner or which the Owner is obligated to pay in connection with the transactions contemplated in this Lease or the Loan;

(v) All amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Owner or others, including, if any, payments of Termination Value, indemnities, and any Reinvestment Premium that may become payable by Lessee hereunder, in addition to any other amounts due as Base Rental and Additional Rental hereunder; and

(vi) In the event Lessee shall fail to pay Base Rental or Additional Rental or any other payment (including, without limitation, the Maximum Lessee Risk Amount, Termination Value or Purchase Price) owing in respect hereof in accordance with the terms of this Lease on the date fixed for such payment

or upon the occurrence of an Event of Default, an additional amount calculated daily from and after the date fixed for payment until paid or upon the occurrence of the Event of Default and during the continuance thereof, as the case may be, equal to the product of (A) a fraction, the numerator of which is the then effective Default Rate applicable under the Loan and the denominator of which is 360 multiplied by (B) the Termination Value (or, if the Basic Term Commencement Date has not occurred, 100% of all Project Costs plus the amount described in clause (iii) of Section 4(b) above). Amounts constituting Additional Rental under this clause (vi) shall be payable by Lessee immediately upon demand, or if no demand is made, upon the first day of each month.

Amounts constituting Additional Rental payable pursuant to clauses (i), (ii), (iii) and (iv) of this Section 5(b) shall be paid by Lessee directly to the person or persons to whom such amounts are payable. The obligation of Lessee to pay all such amounts shall survive the termination of this Lease.

(c) The Owner shall determine and compute the amount of Interim Rental accrued during and after the Interim Lease Term but prior to the Basic Term Commencement Date and add such amount to the other Project Costs and, upon such determination by Owner, Owner will provide the Lessee with a written statement of the total Project Costs. Exhibit F sets forth the Maximum Lessee Risk Amount and Maximum Owner Risk Amount applicable prior to the Basic Term Commencement Date. The Rental Factor, Termination Value, Purchase Price, Maximum Lessee Risk Amount and Maximum Owner Risk Amount shall be determined by the Owner prior to the Conversion Date and will be effective as of the Basic Term Commencement Date for the Maximum Term. Said amounts will be determined by Owner to reflect the actual interest rates established for the Long-Term Loan and Investor Loan for all periods after the Basic Term Commencement Date. On the Basic Term Commencement Date, the Owner shall prepare and deliver to Lessee exhibits to this Lease which sets forth the actual Rental Factor (Exhibit B), Termination Value Exhibit D), Purchase Price (Exhibit E), Maximum Lessee Risk Amount (Exhibit F) and Maximum Owner Risk Amount (Exhibit F) after such adjustment. All such amounts will be determined to provide that the Purchase Price shall amortize to seventy-five percent (75%) of Project Costs at the expiration of the Maximum Term. The determination of Project Costs and of the Rental Factor, the Termination Value, Purchase Price, Maximum Lessee Risk Amount and Maximum Owner Risk Amount by Owner shall, in the absence of manifest error, be deemed conclusive.

(d) All payments of Base Rental and Additional Rental

required to be made by Lessee to Owner shall be made in good funds. While any of the Construction Loan, Long-Term Loan or Investor Loan remains outstanding, all payments hereunder assigned to Lender, whether Base Rental, Additional Rental or otherwise, shall be paid in such manner as shall be designated by such Lender. If neither the Construction Loan, the Long-Term Loan nor the Investor Loan are outstanding, all payments hereunder shall be paid in such manner as designated by Owner or any other Assignee.

Section 6. Use. Lessee may use the Leased Property, including related amenities such as a parking garage, for office purposes, distribution, warehousing, light manufacturing, research and development (or any one or more of such uses) or for any other lawful uses as may be permitted by Owner and which are consistent with all covenants and restrictions of Permitted Liens.

Section 7. Net Lease; Nonterminability

(a) This Lease is a "net lease." All costs, expenses and obligations of every kind and nature whatsoever relating to the Leased Property and the appurtenances thereto and the use and occupancy thereof by Lessee or anyone claiming by, through or under Lessee which may arise or become due during or with respect to the period constituting the Term hereof shall be paid by Lessee, and Lessee shall indemnify the Indemnified Parties against any of the foregoing as provided in Section 8 below. Lessee assumes, during the Term of this Lease, the sole responsibility for the condition, use, operation, maintenance, subletting and management of the Leased Property, neither Owner nor any other Indemnified Party shall have any responsibility in respect thereof, nor shall Owner nor any other Indemnified Party have any liability for damage incurred by any Person or for damage to the property of Lessee or any sublessee of Lessee for any reason whatsoever. Without limiting the generality of the foregoing, during the Term of this Lease, Lessee shall perform all of the obligations of the sublessor under any subleases affecting all or any part of the Leased Property which Lessee may hereinafter enter into as sublessor to the extent that Lessee's failure to perform such obligations could result in the occurrence of an Event of Default under this Lease.

(b) Lessee acknowledges and agrees that its obligations hereunder, including, without limitation, its obligations to pay Base Rental and Additional Rental, shall be unconditional and irrevocable under any and all circumstances and shall not be subject to cancellation, termination, modification or repudiation by Lessee. This Lease shall not terminate, nor shall Lessee have any right to terminate this Lease, and Lessee shall perform all

obligations hereunder, including the payment of all Base Rental and Additional Rental, without notice, demand, counterclaim, set-off, deduction, defense or recoupment, and without abatement, suspension, deferment, diminution or reduction for any reason, including, without limitation, any past, present or future claims which Lessee may have against the Owner, Construction Lender, Long-Term Lender, LC Issuer, BFS or any other Person for any reason whatsoever; any defect in the Leased Property or any portion thereof, or in the title, condition, design, construction, habitability or fitness for a particular use thereof; any damage to or destruction or loss of all or part of the Leased Property; any restriction, deprivation (including eviction) or prevention of, or any interference with or interruption of, any use or occupancy of the Leased Property (whether due to any defect in or failure of Owner's title to the Leased Property, any Owner Lien or otherwise); any condemnation, requisition or other taking or sale of the use, occupancy or title to the Leased Property; any action, omission or breach on the part of the Owner under this Lease (including without limitation, any breach of the Owner's representations and warranties set forth in Section 12 hereof) or under any other agreement between Owner and Lessee, or any other indebtedness or liability, howsoever and whenever arising, of Owner, any Assignee or Lessee to any other Person, or by reason of insolvency, bankruptcy or similar proceedings by or against Owner, any Assignee or Lessee; the inadequacy or inaccuracy of the description of the Leased Property or the failure to demise and let to Lessee the property intended to be leased hereby; Lessee's acquisition of ownership of the Leased Property or any sale or other disposition of the Leased Property; the impossibility or illegality of performance by Owner or Lessee or both; the failure of Owner to deliver possession of the Leased Property on the Closing Date; any action of any court, administrative agency or other governmental authority; or any other cause, whether similar or dissimilar to the foregoing, any present or future law notwithstanding; it being the intention of the parties hereto that all Base Rental and Additional Rental payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

(c) Lessee will remain obligated under this Lease in accordance with its terms, and will not take any action to terminate, rescind or avoid this Lease for any reasons, notwithstanding any bankruptcy, insolvency, reorganization, liquidation, dissolution or other proceeding affecting Owner, or any assignee of Owner, or any action with respect to this Lease which may be taken by any receiver, trustee or liquidator, or any assignee of Owner or by any court in any such proceeding. Lessee

waives all rights at any time conferred by statute or otherwise to quit, terminate or surrender this Lease or the Leased Property (except as otherwise expressly provided in Sections 4(c), 16(c) or 29 hereof), or to any abatement, reduction, deferment or set-off of any Base Rental, Additional Rental or other sum payable by Lessee hereunder, for damage, loss or expense suffered by Lessee on account of any cause referred to in this Section 7 or otherwise.

Section 8. Taxes and Other Charges; Laws and Agreements.

(a) Lessee agrees to pay, defend and indemnify and hold each Indemnified Party harmless on an after-tax basis from any and all Federal, state, local and foreign taxes, fees, withholdings, levies, imposts, duties, assessments and charges of any kind and nature whatsoever, including, without limitation, all amounts payable hereunder as Additional Rental hereunder, together with any penalties, fines or interest thereon (herein called "taxes or other impositions") attributable to any given period prior to or within the Indemnification Period, howsoever imposed, whether levied or imposed upon or asserted against Owner, Trust Company, Beneficiary, W. Jeffrey Kramer ("Kramer"), any Assignee, Lessee, the Leased Property, or any portion thereof (including, without limitation, taxes and assessments referred to in clause (i) of Section 5(b) hereof) or any other Indemnified Party, by any Federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to (a) the Leased Property or any portion thereof (including, without limitation, all fixtures, equipment and personal property which forms a part of the Leased Property), (b) the acquisition, manufacture, construction, ordering, purchase, ownership, delivery, leasing, subleasing, re-leasing, possession, use, maintenance, registration, re-registration, titling, re-titling, licensing, documentation, return, repossession, foreclosure, condemnation, conveyance, assignment, sale or other application or disposition of the Leased Property or any other portion thereof, (c) the rentals, receipts or earnings arising from the Leased Property or other portion thereof, or (d) this Lease, the Base Rental or Additional Rental payable by Lessee hereunder or any of the Transaction Documents, provided, however, that the foregoing indemnity shall not apply to and nothing in this Lease shall require the payment by the Lessee of (i) any taxes or impositions based upon or measured solely by any Principal Party's gross, net or taxable income, tax preferences or dividends paid or taxes payable in the nature of capital gains, excess profits, accumulated earnings or personal holding company taxes of such Principal Party, unless any such tax is in lieu of or in substitute for any other taxes of such Principal Party or impositions upon or with respect to the Leased Property which, if

such other taxes or impositions were in effect, would be payable by Lessee hereunder; (ii) any franchise, estate, inheritance, succession, capital stock tax, unless any such tax is in lieu of or in substitute for any other taxes of such Principal Party or impositions upon or with respect to the Leased Property which, if such other taxes or impositions were in effect, would be payable by Lessee hereunder; (iii) any taxes of the Trust Company or the Beneficiary imposed on or measured by the administrative fees earned by such Persons in connection with the transaction contemplated herein; (iv) any taxes of an Indemnified Party arising by reason of any voluntary transfer of the Lease or Leased Property or part thereof other than (A) a transfer by Owner pursuant to an exercise of remedies which are enforceable after the occurrence of an Event of Default hereunder, (B) a transfer constituting an Owner Conveyance hereunder; or (C) a subsequent transfer by the Lender or any nominee, designee or affiliate thereof if such entity purchases the Leased Property at a foreclosure sale or accepts a deed-in-lieu of foreclosure to the Leased Property, and (v) any taxes of an Indemnified Party arising by reason of the voluntary transfer by the Beneficiary of its interests held pursuant to the Trust Agreement. As used herein, the term "Indemnification Period" means the period commencing on the Closing Date and ending on the date that the Owner or any Assignee sells, transfers or otherwise conveys such Person's interest in and to the Leased Property to the Lessee or a third person. "Principal Party" means any Indemnified Party other than the Owner, the Beneficiary, the Trust Company or Kramer. Lessee will promptly notify Owner of all reports or returns required to be made with respect to any tax or other imposition with respect to which Lessee is required to indemnify hereunder, and will promptly provide each of them with all information necessary for the making and timely filing of such reports or returns by Owner. If Owner requests that any such reports or returns be prepared and filed by Lessee, Lessee will prepare and file the same if permitted by applicable law to file the same, and if not so permitted, Lessee shall prepare such report or returns for signature by Owner, and shall forward the same, together with immediately available funds for payment of any tax or other imposition due, to Owner, at least ten (10) days in advance of the date such payment is due. Upon written request, Lessee shall furnish Owner with copies of all paid receipts or other appropriate evidence of payment for all taxes or other impositions paid by Lessee pursuant to this Section 8. All of the indemnities contained in this Section 8 shall continue in full force and effect notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration or termination of the Term with respect to the Leased Property, and are expressly made for the benefit of, and shall be enforceable by, Owner and each Assignee.

(b) Notwithstanding the provisions of paragraph (a) of this Section 8 and the provisions of Section 9 and so long as no Default or Event of Default shall have occurred and be continuing, Lessee shall have the right to contest, by appropriate legal proceedings, any tax, charge, levy, assessment, lien or other encumbrance affecting the Leased Property, and to postpone payment of or compliance with the same during the pendency of such contest, provided that (i) the commencement and continuation of such proceedings shall suspend the collection thereof from, and suspend the enforcement thereof against, the Person on whom such tax, charge, levy, assessment, lien or other encumbrance is sought to be imposed and/or the Leased Property, (ii) no part of the Leased Property nor any Base Rental or Additional Rental or other sums payable by Lessee hereunder shall be in danger of being sold, forfeited, attached or lost, (iii) there shall not exist (x) any interference with the use and occupancy of the Leased Property or any part thereof, or (y) any interference with the payment of Base Rental or any Additional Rental (other than the portion subject to the contest), (iv) Lessee shall promptly prosecute such contest to a final settlement or conclusion, or if Lessee deems it advisable to abandon such contest, Lessee shall promptly pay or perform the obligation which was the subject of such contest and (v) at no time during the permitted contest shall there be a risk of the imposition of criminal liability on Owner for failure to comply therewith. If (i) any such contest shall involve an amount of money or potential loss (including penalties and similar charges) in excess of \$250,000, and (ii) either the Lessee's Parent is not then Investment Grade or a Default or an Event of Default shall have occurred and be continuing, then Lessee shall either (A) deposit with the Owner an amount equal to 125% of the tax, charge, levy, assessment, lien or other encumbrance affecting the Leased Property, or (B) post an equivalent bond for security issued by a surety or other issuer reasonably acceptable to Owner and containing such terms which are reasonably acceptable to Owner. Lessee shall not postpone the payment of any such tax, charge, levy, assessment, lien or other encumbrance for such length of time as shall permit the Leased Property, or any lien thereon created by such item being contested, to be sold or foreclosed by federal, state, county or municipal authority for the non-payment thereof. Lessee shall not postpone compliance with any such law, rule, order, ordinance, regulation or other governmental requirement if Owner will thereby be subject to criminal prosecution, or if any municipal or other governmental authority shall be in a position according to applicable law to commence and carry out any action which would prevent compliance with the same or to foreclose or sell any lien affecting all or part of the Leased Property which shall have arisen by reason of such postponement or failure of compliance. Owner agrees to provide Lessee with a copy of any of its tax returns upon the

written request of Lessee.

Section 9. Liens. Lessee represents and warrants that on the Closing Date, fee simple title in the Leased Property will be vested in Owner subject only to Permitted Liens. Subject to the provisions of paragraph (b) of Section 8, Lessee will promptly, but in any event no later than 60 days after Lessee acquires actual knowledge of the filing thereof but in any event prior to the enforcement of the same, at its own expense, remove and discharge of record, by bond or otherwise, any charge, lien, security interest or encumbrance upon the Leased Property, upon any Base Rental, or upon any Additional Rental or other sums payable by Lessee under this Lease which arises for any reason (except for Owner Liens) including all liens which arise out of Lessee's possession, use, construction, operation and occupancy of the Leased Property, but not including any Permitted Liens. Nothing contained in this Lease shall be construed as constituting the consent or request of Owner, express or implied, to or for the performance by any contractor, laborer, materialman, or vendor of any labor or services or for the furnishing of any materials for construction, alteration, addition, repair or demolition of or to the Leased Property or any part thereof. Notice is hereby given that Owner will not be liable for any labor, services or materials furnished or to be furnished to Lessee, or to anyone holding an interest in the Leased Property or any part thereof by, through or under Lessee, and that no mechanic's or other liens for any such labor, services or materials shall attach to or affect the interest of Owner in and to the Leased Property. In the event of the failure of Lessee to discharge any charge, lien, security interest or encumbrance within the time period set forth above and otherwise as aforesaid, except during the pendency of any contest permitted and conducted pursuant to paragraph (b) of Section 8, Owner may (but shall not be required to) discharge such items by payment or bond or both, and Lessee will repay to Owner, upon demand, any and all amounts paid therefor, or by reason of any liability on such bond, and also any and all reasonable incidental expenses, including reasonable attorney's fees, incurred by Owner in connection therewith.

Section 10. Ownership of the Leased Property.

(a) The Owner and the Lessee intend that (i) for financial accounting purposes with respect to the Lessee, this Lease will be treated as an "operating lease" pursuant to Statement of Financial Accounting Standards No. 13, as amended, but (ii) for federal and all state and local income tax purposes, (A) this Lease will be treated as a financing arrangement, (B) the Construction Lender and the Long-Term Lender will be deemed lenders making loans for the benefit of the Lessee, which loans

are secured by all of the Leased Property, and (C) the Lessee will be treated as the owner of all of the Leased Property and will be entitled to all tax benefits ordinarily available to an owner of a property similar to the Leased Property for such tax purposes. Owner and Beneficiary shall take no action inconsistent with such intent for tax purposes, provided that nothing in this Section 10(a) shall be deemed to restrict the Owner's right to exercise any remedies after the occurrence of an Event of Default.

(b) This Lease is a lease intended as security. Lessee hereby grants to Owner a security interest in all of the Lessee's right, title and interest in and to the Leased Property (including, without limitation, all site improvements, base building, building systems, equipment and related fixtures now or hereafter existing on the Land), together with any substitutions, replacements and additions thereto, all of the Lessee's rights in and to the Approved Construction Documents and all general intangibles related to the Leased Property and all of Lessee's rights, claims and damages arising from warranties (whether express or implied) of architects, contractors and subcontractors with respect to the development and construction of the Improvements, and all proceeds of the conversion, voluntary or involuntary, of the foregoing into cash, investments, securities or other property, whether in cash, investments, securities or other property. The Owner and the Lessee shall, to the extent consistent with this Lease, take such actions and execute, deliver, file and record such other documents, financing statements, mortgages and deeds of trust as may be necessary to ensure that, if this Lease were deemed to create a security interest in the Leased Property in accordance with this Section 10, such security interest would be deemed to be a perfected security interest of first priority under applicable federal, state and local law, subject only to Permitted Liens, and will be maintained as such throughout the Term.

Section 11. Owner's Disclaimer; Acknowledgement by Lessee. The Leased Property is demised and let in its present condition without representation and warranty by Owner subject to (i) Permitted Liens, (ii) the rights of parties in possession, (iii) the state of title transferred to Owner on the Closing Date pursuant to the P&S, (iv) any state of facts which an accurate survey or physical inspection might show, (v) the existing environmental condition of the Leased Premises, (vi) all applicable laws, rules, regulations, ordinances and restrictions, including, without limitation, all Environmental Legal Requirements, now in effect or hereafter adopted by any governmental authority having jurisdiction, and (vii) any violation of such laws, rules, regulations, ordinances and restrictions occurring on or before the Closing Date. Lessee has

examined the Leased Property and the Owner's title and interest thereto and has found as between Lessee and Owner (and each Person claiming by, through or under Owner) the same to be satisfactory for all purposes.

LESSEE REPRESENTS, WARRANTS AND ACKNOWLEDGES THAT THE CONSTRUCTION OF THE IMPROVEMENTS ON THE LAND WILL BE WITHIN THE EXCLUSIVE CONTROL OF, AND WILL BE THE SOLE RESPONSIBILITY OF, LESSEE. OWNER HAS NOT MADE AN INSPECTION OF THE LEASED PROPERTY AND MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, HABITABILITY, ENVIRONMENTAL CONDITION, COMPLIANCE WITH SPECIFICATIONS, CONDITION, OPERATION, ABSENCE FROM DEFECTS (PATENT OR LATENT), DURABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE LEASED PROPERTY OR ANY PORTION THEREOF; AND ALL RISKS INCIDENTAL TO THE LEASED PROPERTY SHALL BE BORNE BY THE LESSEE AND THE OWNER SHALL HAVE NO RESPONSIBILITY WITH RESPECT THERETO. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE LEASED PROPERTY OR ANY PORTION THEREOF, WHETHER PATENT OR LATENT, WHETHER DISCOVERABLE BY LESSEE, OWNER SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO OR FOR ANY DIRECT OR INDIRECT DAMAGE TO PERSONS OR PROPERTY RESULTING THEREFROM, OR FOR LESSEE'S LOSS OF USE OF THE LEASED PROPERTY, OR ANY PORTION THEREOF, OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS CAUSED BY LESSEE'S INABILITY TO USE THE LEASED PROPERTY, OR ANY PORTION THEREOF, FOR ANY REASON WHATSOEVER. THE PROVISIONS OF THIS SECTION 11 HAVE BEEN NEGOTIATED BY LESSEE AND OWNER AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND DISCLAIMER BY OWNER OF ANY AND ALL WARRANTIES BY OWNER WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF, WHETHER EXPRESS OR IMPLIED, AND WHETHER ARISING UNDER THE UNIFORM COMMERCIAL CODE, ANY OTHER APPLICABLE LAW OR OTHERWISE. LESSEE REPRESENTS AND WARRANTS TO OWNER THAT THE PROVISIONS OF THIS SECTION 11 ARE ENFORCEABLE BY OWNER AGAINST LESSEE (AND THOSE CLAIMING BY, THROUGH OR UNDER LESSEE) AND THAT OWNER SHALL NOT HAVE ANY LIABILITY FOR ANY OF THE MATTERS SUBJECT TO THIS DISCLAIMER.

Section 12. Representations of Parties.

Lessee hereby represents and warrants to Owner that as of the Closing Date and at all times during the Term as follows:

(a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, with full corporate power and authority to own its properties and to conduct its business as currently conducted.

(b) Lessee is qualified to do business as a foreign

corporation and is in good standing in the State of New Jersey.

(c) Lessee has the corporate power and authority to enter into this Lease and the Transaction Documents to which it is a party and to carry out and perform the obligations of Lessee under the terms hereof and thereof.

(d) The execution, delivery and performance by Lessee of this Lease and the Transaction Documents to which it is a party have been duly authorized by all the necessary corporate action of Lessee and do not (A) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to Lessee, (B) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which Lessee is a party or by which it or its properties are bound, or (C) result in, or require, the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance. Lessee is not in violation of or in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or reward or any such indenture, agreement, lease or instrument described in this paragraph.

(e) The Lease and the Transaction Documents to which Lessee is a party have been duly executed and delivered by Lessee and constitute the legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with their terms, including, without limitation, the choice of laws provisions therein.

(f) Neither the execution and delivery of this Lease, nor the payment and performance by Lessee of all of its obligations hereunder, require the consent or approval of, the giving of notice to, or the registration, filing or recording with, or the taking of any other action in respect of, any Federal, state, local or foreign government or governmental authority or agency or other Person other than the recording of a Memorandum of Lease.

(g) All balance sheets, statements of profit and loss and other financial data that have been delivered to Owner and Lender with respect to Lessee's Parent (A) are complete and correct in all material respects, (B) accurately present the financial condition of Lessee's Parent on the dates for which, and the results of its operations for the periods for which, the same have been furnished, and (C) have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered thereby, and there has been no material adverse change in the condition of Lessee or

Lessee's Parent, financial or otherwise, since the date of the most recent financial statements delivered to Owner with respect to Lessee's Parent;

(h) Except as otherwise stated in Schedule I (the "Listed Permits"), Lessee holds all licenses, certificates and permits (including any applicable environmental permits) from governmental authorities necessary to complete the Improvements pursuant to the Construction Agency Agreement and/or required to construct the Improvements as contemplated in the Approved Construction Documents and prior to the Basic Term Commencement Date, shall obtain all licenses, certificates and permits (including applicable environmental permits) from governmental authorities necessary to occupy and use the Leased Property for its intended purposes. All such licenses, certificates and permits will remain in full force and effect and be complied with in all respects.

(i) No litigation or administrative proceedings of or before any court, tribunal or governmental body is pending, or, to the knowledge of Lessee, threatened against Lessee or any of its properties or with respect to this Lease which, if adversely determined, would have a material adverse effect on the business, assets or financial condition of Lessee or upon its right to enter into this Lease or the validity or effectiveness thereof.

(j) Lessee is not in default in the payment or performance of any of its material obligations or in the performance of any material contract, agreement or other instrument to which it is a party or by which it or any of its assets may be bound and which will continue to exist subsequent to the date hereof.

(k) The Leased Property is not subject to any mortgage, lien, pledge, charge, encumbrance, security interest or title retention or other security agreement or arrangement of any nature whatsoever, except for Permitted Liens.

(l) Lessee has not incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transaction contemplated in this Lease or the other Transaction Documents, except for the fee payable to Cushman and Wakefield, which fee is listed on the Project Budget and shall be paid promptly upon becoming due in accordance with the Construction Agency Agreement.

Owner hereby represents and warrants to Lessee that as of the Closing Date and at all times during the Term as follows:

(a) Trust Company is a national banking association duly organized, validly existing and in good standing under the laws

of the United States of America with full corporate power and authority to own its properties and to conduct the business contemplated under the Transaction Documents.

(b) Trust Company is either qualified to do business and is in good standing in the State of New Jersey or because of the nature of its activities, Owner is not required to be qualified to do business in the State of New Jersey.

(c) Owner has the power and authority under its Trust Agreement to enter into this Lease and the Transaction Documents to which it is a party and to carry out and perform the obligations of Owner under the terms hereof and thereof.

(d) The execution, delivery and performance by Owner of this Lease and the Transaction Documents to which it is a party have been duly authorized and do not (A) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to Owner, (B) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which Owner is a party or by which it or its properties are bound, or (C) result in, or require, the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance. Owner is not in violation of or in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument described in this paragraph.

(e) The Lease and the Transaction Documents to which Owner is a party have been duly executed and delivered by Owner and constitute the legal, valid and binding obligations of Owner enforceable against Owner in accordance with their terms, including, without limitation, the choice of laws provisions therein.

(f) Neither the execution and delivery of this Lease, nor the performance by Owner of all of its obligations hereunder, requires the consent or approval of, the giving of notice to, or the registration, filing or recording with, or the taking of any other action in respect of, any Federal, state, local or foreign government or governmental authority or agency or other Person other than the recording of a Memorandum of Lease.

(g) No litigation or administrative proceedings of or before any court, tribunal or governmental body is pending, or, to the knowledge of Owner, threatened against Owner or any of its properties or with respect to this Lease which, if adversely determined, would have a material adverse effect on the business,

assets or financial condition of Owner or upon its right to enter into this Lease or the validity or effectiveness thereof.

(h) Owner has not contracted with a broker or a finder relating to or in connection with the transactions contemplated in this Lease or the other Transaction Documents.

(i) Owner will not, during the entire term of this Lease, engage in any business other than the business of owning the Leased Property and will not incur any debts other than the debts contemplated in the Transaction Documents and debts incurred to satisfy and discharge such debts.

Section 13. Maintenance; Quiet Enjoyment.

(a) In addition to the other covenants contained in this Lease, Lessee hereby further covenants and agrees that during the Term of this Lease:

(i) Lessee acknowledges that on and as of the Basic Term Commencement Date, all Improvements will be in new condition, repair and appearance, subject only to the completion of the "punchlist items" set forth in writing on such date and referenced in Section 10.15 of the Construction Agency Agreement. Lessee shall, at its cost and expense, keep and maintain the Improvements, including any altered, rebuilt, additional or substituted buildings, structured and other improvements thereto, in the same condition as on the Basic Term Commencement Date (or with respect to any "punchlist items" acquired or constructed subsequent thereto, in the same condition as on the date that such "punchlist items" have been Substantially Completed and the provisions of Section 10.15 of the Construction Agency Agreement in respect thereof have been satisfied), ordinary wear and tear excepted, and on a basis consistent with the operation and maintenance of first class office buildings, warehouse facilities and/or light manufacturing facilities and other uses permitted under Section 6 hereof, as the case may be, comparable in style and location to the Leased Property and in no event less than the standards applied by Lessee or its Affiliates in the operation of other comparable properties owned or leased by Lessee or its Affiliates. Lessee will make all structural and nonstructural, and ordinary and extraordinary changes, repairs and replacements, foreseen or unforeseen, which may be required, whether or not caused by its act or omission, to be made upon or in connection with the Improvements in order to keep the same in such condition, including taking, or causing to be taken, action necessary to maintain the Leased Property in compliance with the provisions of any insurance policy with respect to the Leased Property and any applicable Legal Requirements, including all applicable Environmental Legal Requirements. Lessee shall

provide or cause to be provided all security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Leased Property.

(ii) Lessee covenants to perform or observe all terms, covenants or conditions of any Permitted Liens, easement or maintenance agreements to which it may at any time be a party or to which the Leased Property or any portion thereof is subject at any time or any other like matters which now or hereafter affect the Leased Property, the Owner, the Lease or any one of the foregoing. Lessee shall, at its expense, use its reasonable efforts, consistent with sound business practice, to enforce compliance with any Permitted Liens, easement, or maintenance agreements or similar agreements benefiting the Leased Property or any portion thereof by any other Person subject to such agreement, provided, however, that if a failure to comply with any of the foregoing would adversely affect the utility, fair market value or useful life of the Leased Property, the Lessee shall enforce compliance with the same. Lessee expressly waives the right to make repairs at the expense of the Owner pursuant to any law at any time in effect that would impose any such obligations on a lessor or give any such rights to a lessor. Lessee shall not abandon the Leased Property or any portion thereof or commit waste thereon.

(iii) If any Improvements situated on the Leased Property at any time during the Term of this Lease shall encroach upon any property, street or right-of-way adjoining or adjacent to the Leased Property, or shall violate the agreements or conditions contained in any restrictive covenant affecting the Leased Property or any part thereof, or shall impair the rights of others under or obstruct any easement or right-of-way to which the Leased Property is subject, then, promptly after the written request of Owner or any Person affected by any such encroachment, violation, impairment or obstruction, Lessee shall, at its expense, either (A) obtain effective waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, violation, impairment or obstruction whether the same shall affect Owner, Lessee, the Construction Lender, the Long-Term Lender or the LC Issuer or any one or more of the foregoing, or (B) make such changes in the Improvements on the Leased Property and take such other action as shall be necessary to remove such encroachments or obstructions and to end such violations or impairments, including, if necessary, the alteration or removal of any Improvement on the Leased Property. Any such alteration or removal shall be made in conformity with the requirements of Section 17 to the same extent as if such alteration or removal were an alteration under Section 17 of this Lease and there shall be no abatement of Basic Rental or Additional Rental by reason of such alteration or removal.

(iv) Owner shall have no obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Leased Property during the Term of this Lease. Owner shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to the Leased Property. Lessee shall use and operate the Leased Property or cause it to be used and operated only by personnel authorized by Lessee, and Lessee shall use reasonable precautions to prevent loss or damage to the Leased Property from fire and other hazards.

(v) Lessee shall pay all charges for utility, communication and other services on or about the Leased Property, whether or not payment therefor shall become due after the Term of this Lease.

(vi) Other than the provisions of Section 13(b) hereof, Lessee shall perform all covenants and agreements (except for those covenants and agreements which are by their express terms capable of being, or specifically required to be, performed by Owner acting alone) which it and/or Owner agree to perform under the Construction Loan Documents, the Long-Term Loan Documents, the Construction Agency Agreement and the other Transaction Documents.

(b) Owner hereby covenants and agrees that during the Term of this Lease it shall not take any affirmative action which will interfere with the quiet use and enjoyment of the Leased Property by Lessee, that it will not fail to take any affirmative action required to prevent interference with the quiet use and enjoyment of the Leased Property as contemplated under this Lease by Lessee, unless such interference arises out of a Default or Event of Default by Lessee and that each lender whose debt is secured by a lien on the Leased Property shall enter into an agreement with Lessee to such effect that such lender shall not disturb Lessee's occupancy of the Leased Property and shall respect all Lessee's right under this Lease, including Lessee's right to purchase as provided in Section 4(c) above and in Section 29 below, so long as no Event of Default shall have occurred under this Lease and provided that Lessee shall have entered into an agreement, satisfactory in all respects to Lessee, subordinating its interest in the Leased Property to the lien of such lender and agreeing to attorn to such lender in the event of foreclosure. Owner further covenants and agrees that, so long as no Default or Event of Default shall have occurred and be continuing and provided that Lessee shall bear all associated costs, it shall take all reasonably necessary actions as owner of the Leased Property (i) to permit Lessee or its nominee to exercise Owner's voting rights as a member of the Campus

Conservation and Management Association, Inc., a New Jersey not-for-profit corporation (the "Association") and serve as Owner's representative on the Association's Design Review Committee, provided that such exercise and representation shall be consistent with and permitted by the By-Laws and Articles of Incorporation of the Association; and (ii) to grant and/or to convey such necessary utility easements or rights of passage over the Leased Property as may be necessary to enable the Lessee to operate the Leased Property for the uses permitted under Section 6 hereof.

Section 14. Compliance with Legal Requirements. Lessee shall at all times, at Lessee's own cost and expense, perform and comply with all laws, rules, orders, ordinances, regulations and requirements now or hereafter enacted or promulgated, of every government and municipality having jurisdiction over the Leased Property and of any agency thereof, relating to the Leased Property, or the improvement thereon, or the facilities or equipment thereon or therein, or the streets, sidewalks, vaults, vault spaces, curbs and gutters adjoining the Leased Property, or the appurtenances to the Leased Property, or the franchise and privileges connected therewith (collectively, "Legal Requirements"), whether or not such Legal Requirements so involved shall necessitate structural changes, improvements, interference with use and enjoyment of the Leased Property, replacements or repairs, extraordinary as well as ordinary, and Lessee shall so perform and comply, whether or not such Legal Requirements shall now exist or shall hereafter be enacted or promulgated, and whether or not such Legal Requirements can be said to be within the present contemplation of the parties hereto. Lessee shall, at its expense, comply with all provisions of insurance policies required pursuant to Section 15 hereof, and with the provisions of all Permitted Liens and all contracts, agreements, instruments and restrictions existing at the commencement of this Lease or thereafter suffered or permitted by Lessee, affecting the Leased Property or any part thereof or the ownership, occupancy, use, operation or possession thereof. Lessee shall at all times comply with the terms of and perform its obligations under any assignment to Lender of this Lease and any consent of Lessee to such assignment.

Notwithstanding the foregoing provisions of this Section 14 and so long as no Default or Event of Default shall have occurred and be continuing, Lessee shall have the right to contest by appropriate legal proceedings, any order or other direction issued by any federal, state or local governmental agency which order or direction affects the Lessee or the Leased Property, and to postpone compliance with the same during the pendency of such contest, provided that (i) the commencement and continuation of such proceedings shall suspend the enforcement of such order or

direction, (ii) no part of the Leased Property nor any Base Rental or Additional Rental or other sums payable by Lessee hereunder shall be in danger of being sold, forfeited, attached or lost, (iii) there shall not exist (x) any interference with the use or occupancy of the Leased Property or any part thereof, or (y) any interference with the payment of Base Rental or Additional Rental (iv) Lessee shall promptly prosecute such contest to a final settlement or conclusion, or if Lessee deems it advisable to abandon such contest, Lessee shall promptly pay or perform the obligation which was the subject to such contest, and (v) at no time during the permitted contest shall there be a risk of the imposition of criminal liability on Owner for failure to comply therewith. If (i) any such contest shall involve an amount of money, or potential loss (including penalties and similar charges) in excess of \$100,000, and (ii) either Lessee's Parent is not then Investment Grade or a Default or an Event of Default shall have occurred and be continuing, then Lessee shall either (A) deposit with the Owner an amount equal to 125% of the amount of money or potential loss involved in such contest or (B) post an equivalent bond for security issued by a surety or other issuer reasonably acceptable to Owner and containing such terms which are reasonably acceptable to Owner. In no event shall Lessee postpone the payment or performance of the order or direction for such length of time as shall permit the Leased Property, or any lien thereon created by such order or direction being contested, to be sold or foreclosed by any federal, state, county or municipal authority for the nonpayment or nonperformance thereof. Lessee shall not postpone compliance with any such order or direction if Owner will thereby be subject to criminal prosecution, or if any governmental authority shall be in a position according to applicable law to commence or carry out any action which would then prohibit compliance with same or to foreclose or sell any lien affecting all or a part of the Leased Property which shall have arisen by reason of such postponement or failure of compliance.

Section 15. Insurance. Lessee shall during the Term of this Lease obtain and maintain or cause to be obtained and maintained at all times the following insurance:

(1) A policy or policies of insurance against loss or damage to the Leased Property and all replacement and additions thereto known as "all risk" without exception (other than those approved by Owner in writing). During the Construction Period, the Lessee shall maintain builder's risk insurance in "completed value non-reporting form" (and which shall include all insurance required to be carried by Lessee, as "owner," under the provisions of the construction contracts let by Lessee). Such insurance shall insure the Improvements, including all materials in storage and while

in transit during the Construction Period, against loss or damage by fire or other casualty, with extended coverage and with coverage for such other hazards (including "collapse," "explosion," "underground hazards," "vandalism and malicious mischief," and coverage in so-called "all-risk" form) as either the Owner or the Lender may from time to time require. All such insurance shall contain a replacement cost endorsement (which shall evidence coverage of 100% of full replacement cost, with only those deductibles approved by Owner, Lender and LC Issuer) and, if required by either Owner or Lender, an agreed amount endorsement.

(2) If any portions of the Leased Property is located in an area designated by the Secretary of Housing and Urban Development as having special flood hazards, flood insurance in the maximum available amount.

(3) Comprehensive public liability insurance, naming Owner, Beneficiary, Kramer and Trust Company, each as insured and Lender and LC Issuer, each as additional insured, against legal liability for claims for death, personal injury, bodily injury, or property damage occurring on, in or about the Leased Property and the adjoining land, streets, sidewalks or ways or occurring as a result of construction and use of the Improvements on the Land or as a result of any activities taking place on the Leased Property after construction, with liability insurance limits of not less than \$20,000,000 combined single limit for personal injury and property damage.

(4) Boiler and machinery insurance commencing at such time as fixtures and equipment are connected and ready for use.

(5) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of New Jersey to insure employers against liability for compensation or in lieu thereof, such workers' compensation insurance to cover all persons employed by Lessee in connection with the Leased Property and to cover full liability for compensation under any such act aforesaid.

(6) Business interruption insurance to cover loss resulting from delay of the completion of the Improvements. After the Basic Term Commencement Date, such insurance shall cover loss of use, total or partial, of any part of the Leased Property in an amount sufficient at all times to pay the total Base Rental and Additional Rental payable under this Lease with respect to the Leased Property for a period adequate to cover the period of loss of use of any part of

the Leased Property. Such policy shall provide that the amount payable thereunder shall not be less than an amount equal to one (1) year's Base Rental and Additional Rental.

(7) Professional liability insurance covering all architects and engineers involved in the design and/or construction of the Improvements.

(8) Such other insurance coverages in such amounts as the Owner may reasonably request consistent with the customary practices of prudent developers and owners of similar properties or which Owner is required to maintain under either the Construction Loan or Long-Term Loan.

The originals or duplicate originals of such policies required shall be deposited with the Owner by Lessee on the Closing Date and thereafter, no less frequently than annually and in no event later than thirty (30) days prior to the commencement of the Basic Lease Term and each Extension Lease Term. With respect to the policies described under subparagraphs (1), (2), (4) and, if applicable, (8), the Lessee also shall deliver originals or duplicate originals evidencing the coverage required under said subparagraphs to Lender; with respect to all other insurance, the Lessee shall deliver insurance certificates naming Lender as the certificateholder, the form and substance of such certificates to be satisfactory to Lender and shall be issued by the insurer or a duly authorized agent of the insurer and shall be accompanied by evidence of the full payment of premiums.

All policies of property insurance provided for therein shall name the Owner and Trust Company as insured, and all liability policies (other than the policies discussed under paragraph (7) above) shall name the Owner, Trust Company, Lender and LC Issuer as additional insured, as its interests may appear and the policies required under paragraphs (1), (2), (4) and (6) above shall identify the Owner as the owner of the Leased Property. The Lessee shall be required to deliver copies of insurance certificates evidencing the insurance coverage required under paragraph (7) received from its architects and engineers in the form required under the Lessee's agreements with such parties. In addition, all insurance required under this Lease shall be with companies and in form, amounts and with coverage and deductibles satisfactory to the Lender, and containing a standard mortgagee clause form endorsement naming the Lender as loss payee and mortgagee. All insurance carriers shall have a Best Insurance Guide rating of "A-XI" or better (or an equivalent rating from another publication of a similar nature as shall be in current use and approved by the Owner and the Lender) and shall be qualified to do business in the State of New Jersey. All policies required under this Section 15 shall provide that

(i) the insurance evidence thereby shall not be cancelled or modified without at least thirty (30) days' prior written notice from the insurance carrier to the Owner and the Lender, (ii) no act or omission on the part of the Lessee shall invalidate the coverage as to the Owner, Trust Company and LC Issuer and no act or omission on the part of the Owner or the Lessee shall invalidate the coverage as to the Lender and (iii) no claims shall be paid thereunder without ten (10) days' advance written notice to the Owner and the Lender. Furthermore, the Lessee shall be required to deliver renewal policies of all insurance required under this Section 15, together with written evidence of full payment of the annual premiums therefor, at least thirty (30) days prior to the expiration of the existing insurance period. All insurance policies and endorsements shall be fully prepaid and nonassessable. The Lessee shall not obtain any separate or additional insurance which is contributing in the event of loss unless the Owner, Trust Company, LC Issuer and Lender are each insured thereunder (as their interests may appear) and the policies therefor are satisfactory to the Owner and the Lender.

Section 16. Loss, Damage or Destruction.

(a) Risk of Loss, Damage or Destruction. Lessee hereby assumes all risk of loss, damage, theft, Taking, destruction, confiscation, requisition or commandeering, partial or complete, of or to the Leased Property, however caused or occasioned, such risk to be borne by Lessee with respect to the Leased Property from and after the Closing Date. Lessee agrees that no occurrence specified in the preceding sentence shall impair, in whole or in part, any obligation of Lessee under this Lease, including, without limitation, the obligation to pay Base Rental and Additional Rental.

(b) Lessee hereby assigns to Owner any award, compensation, insurance proceeds or other payment to which Lessee may become entitled by reason of its interest in the Leased Property, (i) if the Leased Property, or any portion thereof, is damaged or destroyed by fire or other hazard or casualty or cause (a "Casualty"), or (ii) by reason of any condemnation, requisition or other taking or sale of the use, occupancy or title to the Leased Property or any portion thereof in, by or on account of any actual or threatened Taking. So long as no Event of Default has occurred and is continuing, Lessee shall, at its cost and expense, in the name and on behalf of Owner, Lessee, Lender, LC Issuer or otherwise, appear in any such proceeding or other action, to negotiate, accept and prosecute any claim for any award, compensation, insurance proceeds or other payment on account of any such loss, damage or destruction, condemnation, requisition or other taking or sale and to cause any such award,

compensation, insurance proceeds or other payment to be paid to Owner. Lessee shall use its commercially reasonable efforts to achieve the maximum award or other recovery obtainable under the circumstances. Any negotiated awards, settlement or recoveries shall be subject to Owner's prior approval. Owner may appear in any such proceeding or other action, in a manner consistent with the foregoing and the costs and expenses of any such appearance shall be borne by Lessee and payable to Owner as Additional Rent. If an Event of Default has occurred and is continuing, the Owner shall have the right to negotiate, adjust and settle such awards, settlements and recoveries without the approval of Lessee. Unless either the Lessee's Parent is not then Investment Grade or a Default or an Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive all amounts paid or payable for any Casualty or Taking of all or any portion of the Leased Property, subject to the prior rights of Lender and less any costs and expenses incurred by Owner or Lender in connection with the negotiation, settlement or collection of such amounts (the amounts received for any Casualty, less such costs and expenses, shall be referred to as the "Net Casualty Award" and the amounts received for any Taking, less such costs and expenses, shall be referred to as the "Net Taking Award"), otherwise the Owner shall be entitled to receive the Net Taking Award or the Net Casualty Award. All such amounts shall be applied either (x) to the payment of the Termination Value and the other amounts due under Section 16(c) hereof, if such Casualty or Taking results in, or the Lessee elects to deem such Casualty or Taking as, an Event of Loss, or (y) to pay in accordance with Section 16(d) hereof for the actual cost of repair, restoration, rebuilding or replacement of the Improvements by Lessee (collectively, "Cost To Repair") if such Casualty or Taking does not result in, or the Lessee does not elect to deem such Casualty or Taking as, an Event of Loss.

(c) If a Taking or Casualty to the Leased Property occurs, Lessee shall give Owner immediate telephonic notice thereof followed promptly by written notice, and describe in reasonable detail in each case the circumstances of the Taking or Casualty and the damage to or loss of the Leased Property. If the Taking or Casualty constitutes an Event of Loss, Lessee shall pay to Owner on the Rent Payment Date next following the date of such Event of Loss (or, if prior to the Basic Term Commencement Date, on the thirtieth (30th) day after the final determination that the Taking or Casualty constitutes an Event of Loss or, if after the Basic Term Commencement Date, on the last day of the Rental Period in which such Event of Loss occurs if there is no succeeding Rent Payment Date) the sum of (i) all unpaid Base Rental due on or before such Rent Payment Date or such last day of the Rental Period, plus (ii) the Termination Value as of the Rent Payment Date next following the date of such Event of Loss,

or if the Event of Loss occurs prior to the Basic Term Commencement Date, an amount equal to one hundred percent (100%) of all Project Costs (incurred through the date of payment) in lieu of the Termination Value plus, to the extent such amounts have not been included in Project Costs, all interest, costs, fees, reimbursements and other amounts due and payable either to Owner or Lender under the Transaction Documents, plus (iii) Additional Rental due as of the date of payment of the amounts specified in the foregoing clauses (i) and (ii), plus (iv) the Reinvestment Premium. Any payments received at any time by Owner or by Lessee constituting Net Casualty Award or Net Taking Award from any insurer or other party (except Lessee) as a result of the occurrence of such Event of Loss will be applied in reduction of Lessee's obligation to pay the foregoing amounts, if not already paid by Lessee, or, if already fully paid by Lessee, will be applied to reimburse Lessee for its payment of such amount. Upon payment in full of such Termination Value, Base Rental, Additional Rental and Reinvestment Premium, (A) the obligation of Lessee to pay Base Rental hereunder shall terminate and the Term of this Lease shall thereupon terminate, and (B) the Owner shall transfer to Lessee all of the Owner's interest in the Leased Property in accordance with the provisions of Section 32 hereof. As used in this Lease, the term "Termination Value" of the Leased Property as of any Rent Payment Date means an amount determined by multiplying the Project Costs by the percentage set forth opposite such Rent Payment Date on the schedule of Termination Values appearing in Exhibit D. An "Event of Loss" shall be deemed to have occurred if either (a) with respect to a Casualty, the Costs To Repair is equal to or greater than sixty-six and two-thirds percent (66 2/3%) of the full replacement cost of the Improvements; or (b) with respect to a Taking, the Taking renders the Leased Property or any substantial portion thereof permanently unfit for its intended use under the Lease. For purposes of determining whether an Event of Loss has occurred, it shall be assumed that the Leased Property or the affected portion had been repaired or restored to the fullest extent reasonably practicable. Either the Owner or the Lessee may declare that the Taking or Casualty constitutes an Event of Loss, provided, however, that the Lessee may deem such Taking or Casualty as an "Event of Loss," regardless of the amount of the Costs To Repair, with respect to a Casualty, and regardless of the effect of the Taking on the utility of the Leased Property, with respect to a Taking, and pay the Owner the Termination Value and the other amounts required to be paid under this Section 16(c). Upon making such determination, the party making such determination shall notify the other party in writing thereof. If Owner determines that such Taking or Casualty constitutes an Event of Loss, it shall notify the Lessee thereof and the Lessee shall have ten (10) days from the date the Owner delivers notice of its determination to initiate a challenge in writing to such

determination pursuant to the provisions of Section 16(f) below. If no challenge in writing is made by the Lessee of an Owner's determination of an Event of Loss, such determination shall be binding upon Lessee. If Owner and Lessee determine that such Taking or Casualty does not constitute an Event of Loss (or if Owner's determination of an Event of Loss is not upheld after arbitration pursuant to Section 16(f) hereof), Lessee shall be required to repair, replace and restore the Leased Property as provided in paragraph (d) below.

(d) If a Taking or Casualty to the Leased Property occurs which does not result in (or is not otherwise deemed to constitute) an Event of Loss and the Lessee elects to repair, replace and restore the Leased Property, it shall, at its sole cost and regardless of whether any amounts constituting a Net Casualty Award or Net Taking Award are made available to Lessee for such purpose, proceed with diligence and promptness to carry out any demolition and to restore, repair, replace and/or rebuild the Leased Property, as nearly as practicable, to a condition and fair market value not less than the condition required to be maintained and fair market value thereof immediately prior to such Taking or Casualty. No repair or restoration work undertaken by Lessee pursuant to this Section shall violate the terms of any Permitted Lien or other restriction, easement, condition or covenant or other matter affecting title to the Leased Property, and shall be undertaken and completed in a good and workmanlike manner and in compliance in all material respects with all Legal Requirements then in effect with respect to the Leased Property. If the Lessee elects to repair, replace and restore the Leased Property, it agrees to submit for approval by Owner all plans, specifications, cost estimates and contracts for the restoration or repair of the loss or damage, provided, however, the Owner shall not unreasonably withhold such approval provided that the utility, fair market value and useful life of the Leased Property after the restoration or repair is not less than the utility, fair market value and useful life of the Leased Property prior to the Taking or Casualty.

Unless otherwise agreed to by Owner, any Net Casualty Award or Net Taking Award received by Owner will be released in partial monthly disbursements equal to ninety percent (90%) of the value of the work completed (or if the contract is on a cost-plus basis, then monthly advances of ninety percent (90%) of the costs of the work completed if less than the value of the work). The release by Owner of Net Casualty Awards or Net Taking Awards shall be subject to the satisfaction of the following conditions:

(i) no Default or Event of Default shall have occurred and be continuing hereunder;

(ii) Owner is in receipt of any architect's certificates, contractor's sworn statements and other evidence of costs, payments and completion as the Owner may require and satisfactory evidence of payment and release of all Liens of contractors, sub-contractors, and materialmen and of any other Person providing work, service or materials in connection with the repair, replacement and restoration of the Leased Premises;

(iii) Receipt by Owner of all approvals of any municipal or other governmental authorities having jurisdiction over the Leased Premises and all approvals required under any Permitted Liens.

The final payment shall be released by Owner upon completion of the restoration and repairs provided that the conditions set forth above have been met in full. The Lessee agrees at the Owner's request to provide the Owner with copies of any as-built surveys and as-built plans and specifications of the Leased Property after completion of the restoration and repair of the Leased Property.

(e) The Lessee's obligation to pay Base Rental and Additional Rental shall not abate by reason of a Taking or a Casualty, and this Lease shall continue in full force and effect and Lessee shall continue to perform and fulfill all obligations, covenants and agreements hereunder notwithstanding such Taking or Casualty.

(f) In the event the Lessee objects to the Owner's determination that a Taking or a Casualty constitutes an Event of Loss and notifies the Owner in writing of its objection, the parties agree in good faith to attempt to resolve the dispute through negotiation and agree to refer the matter to one or more of their respective officers or employees who have the authority to resolve the dispute. If no resolution is reached within ten (10) days (or such longer period as the parties may mutually determine), then Lessee and Owner shall submit to arbitration before a single arbiter in Morristown, New Jersey, under the Commercial Arbitration Rules of the American Arbitration Association then in effect. The resulting decision of the arbiter shall be deemed final from which no appeal or review may be taken. All expenses and costs of such arbitration shall be borne by the party not prevailing in the proceeding.

(g) If a Taking or Casualty occurs while the Construction Loan is outstanding, then notwithstanding the provisions of this Section 16 to the contrary, the rights of the parties hereto as to the adjustment of claims, the retainage of the proceeds of a Taking or Casualty, the use of such proceeds to repair or restore the Leased Property or to pay the Construction Loan and any other

matters pertaining to a Taking or Casualty shall be determined in accordance with the provisions of Section 14 of the Construction Loan Agreement. The exercise by Lender of any right by the Construction Lender to accelerate the Construction Loan in accordance with Section 14 of the Construction Loan Agreement shall be conclusively deemed an "Event of Loss" hereunder which requires the payment of the amounts set forth in Section 16(c) above. If the Construction Lender applies any proceeds of a Taking or a Casualty to pay-down the Construction Loan, the amount of the Project Costs payable by Lessee shall be appropriately reduced hereunder.

Section 17. Additions and Improvements; Removal. Prior to the Basic Term Commencement Date, Lessee shall cause the development and construction of the Improvements in accordance with the Approved Construction Documents and subject to the terms and conditions of this Lease, the Construction Agency Agreement and the other Transaction Documents. Subject to the requirements of law, Lessee shall have the right (from and after the Basic Term Commencement Date) during the Term of this Lease to make any additions or improvements to the Leased Property to attach fixtures, structures or signs, and to affix any personal property to the Leased Property, so long as (i) the utility, fair market value and useful life of the Leased Property is not thereby reduced, (ii) prior to the construction of any structural improvement, Lessee shall deliver a certificate of an AIA registered architect and a certificate of a registered engineer to the effect that the planned structural improvement will comply with all Legal Requirements, will not adversely affect or interfere with the utility, operation or structural integrity of the then existing Improvements and shall conform to the character and quality of the existing Improvements, (iii) Lessee shall finance such construction with its own funds or through a borrowing unsecured by the Leased Property. Each such improvement (and all fixtures and equipment included as a part thereof) shall be deemed a part of the Leased Property and become part of Owner's property. Lessee may remove, during or at the expiration or other termination of the Term of this Lease, all equipment and personal property placed or installed in or upon the Leased Property after the Basic Term Commencement Date by Lessee or under its authority, other than any equipment or personal property included as a part of the Leased Property title to which, prior to the exercise of Lessee's purchase option or a third party sale, is held by the Owner, provided that Lessee shall repair any damage to the Leased Property resulting from such removal.

Section 18. Right Of Entry. Representatives of the Owner shall have the right to enter upon the Leased Property (and to review and copy Lessee's records regarding the Leased Property)

during reasonable business hours (i) to inspect the same (including, without limitation, the use of photographic and video equipment) or (ii) for any purpose connected with the rights or obligations of the parties under this Lease.

Section 19. Assignments and Subleasing.

(a) By Lessee. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH BELOW, LESSEE SHALL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF OWNER IN EACH INSTANCE, SUBLEASE OR OTHERWISE RELINQUISH POSSESSION OF THE LEASED PROPERTY OR ANY PART THEREOF, OR ASSIGN, TRANSFER, MORTGAGE OR ENCUMBER ITS RIGHTS, INTERESTS OR OBLIGATIONS HEREUNDER AND ANY ATTEMPTED SUBLEASE, RELINQUISHMENT, ASSIGNMENT, TRANSFER OR ENCUMBERING BY LESSEE SHALL BE NULL AND VOID. Furthermore, Lessee shall not be permitted to merge, consolidate or sell a substantial portion of its assets (other than inventory in the ordinary course of its business) without Owner's prior written consent in each instance unless each of the following conditions are met in full or waived in writing by Owner (i) the surviving, resulting or acquiring entity expressly assumes in writing all of Lessee's past, current and future obligations and liabilities under this Lease, the form and content of such documentation, including an opinion of counsel, to be satisfactory to Owner in its sole and absolute discretion, (ii) at the time of such merger, consolidation or sale, no Event of Default shall have occurred and be continuing, (iii) all of the representations of Lessee set forth in Section 12 hereof shall be true and correct with respect to the surviving, resulting or acquiring entity as if made directly by such entity as of the date of the merger, consolidation or sale (except that such entity may be a corporation organized under the laws of a jurisdiction other than the State of New York and may be a partnership, limited liability company or business trust provided that such entity is duly qualified to transact business in the State of New Jersey); and (iv) prior to the consummation of such merger, consolidation or sale, the Owner has received a certificate from one of the so-called "big six" firms of independent certified public accountants (or any of their successors) selected by Lessee and approved by the Owner to the effect that the tangible net worth (as determined in accordance with GAAP consistently applied) of such surviving, resulting or acquiring entity shall be no less than the tangible net worth of Lessee immediately prior to such merger, consolidation or sale; notwithstanding the foregoing, Lessee may freely sublet all or any portion of the Leased Premises at any time after the Basic Lease Term Commencement Date, for all or any portion of the remaining Term, and may assign this Lease or any of its rights hereunder, provided however, (i) that Lessee remains primarily liable hereunder (as a principal and not as a surety), (ii) Lessee certifies in writing to Owner, in advance of such sublease

or assignment, that such sublease or assignment does not materially adversely affect the value of the Leased Property, provided that such certification shall not be necessary in the case of any sublease or assignment to any corporation, partnership, limited liability company or business trust controlling, controlled by or under common with Lessee by reason of stock or equity ownership of greater than fifty percent (50%), (iii) the proposed sublease provides that it terminates no later than the day prior to the Termination Date, (iv) the sublease expressly states that it is subject and subordinate to this Lease, (v) the proposed sublease contains provisions regarding use, lien lifting, maintenance, insurance, casualty and condemnation, additions and improvements, right of entry, environmental matters, repossession after default and further assurances all in favor of the Lessee, as sublessor under the proposed sublease, which are, in the reasonable determination of the Owner, no less favorable to the Lessee, as sublessor, than the corresponding provisions of this Lease are to the Owner, (vi) if the Lessee's Parent is not Investment Grade at any time while the proposed sublease is in effect, the Lessee will execute and deliver any documents and instruments and take any actions reasonably required by Owner to collaterally assign the Lessee's interest in and rights under the sublease to the Owner and, if required by the Lender, to the Lender, and (vii) Lessee notifies the Owner in writing of the sublease and delivers an executed copy thereof to Owner.

(b) By Owner. This Lease and all Base Rental and Additional Rental (except for the Excepted Rights) due and to become due hereunder is being contemporaneously assigned by Owner to Lender, and Owner is contemporaneously herewith granting a mortgage and a security interest in this Lease, the Base Rental and all Additional Rental (except for the Excepted Rights) due and to become due hereunder to Construction Lender under the Assignment of Leases and Rents. On or prior to the Basic Term Commencement Date, the Construction Lender shall assign such Assignment of Leases and of Rents to the Long-Term Lender, or the Owner and Long-Term Lender may enter into a separate collateral assignment of this Lease, to secure the Long-Term Loan and any and all other obligations of the Owner to the Long-Term Lender. Lessee and Owner agree that the Base Rental, all Additional Rental (other than the Excepted Rights) and any other amounts payable by Lessee to Owner hereunder (except with respect to the Excepted Rights) shall be paid directly to Lender (on behalf of Owner) or upon its written order until the Loan shall have been paid in full. The Lender may re-assign and/or grant a security interest in any of such rights, obligations, title or interest assigned to such Lender. Lessee agrees to execute the Assignment of Leases and Rents and other documents that may be requested by Owner or the Lender. Lessee acknowledges receipt of an executed counterpart

of the Loan Documents and Investor Loan Documents. Any Person to whom any sale, assignment, transfer or grant of security interest is made by Owner is herein called an "Assignee"

Without limiting the foregoing or any of the provisions of Section 7 hereof, Lessee further acknowledges and agrees that (i) the rights of the Lender in and to the sums payable by Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever, whether by reason of failure of or defect in Owner's title, or any interruption from whatsoever cause in the use, operation or occupancy of the Leased Property, or any damage to, loss, destruction, reduction or impairment of the Leased Property for any reason whatsoever, or by reason of any other indebtedness or liability, howsoever and whenever arising, of Owner to Lessee or to any other Person or for any cause whatsoever, it being the intent hereof that Lessee shall be unconditionally and absolutely obligated to pay directly to the Lender (on behalf of Owner) all of the Base Rental and all Additional Rental (except the Excepted Rights which remain payable directly to Owner) payable by Lessee hereunder; (ii) Lessee's covenants, representations and warranties in this Lease (including, without limitation, in Section 12 hereof) shall be deemed to be made to and for the benefit of, the Lender and the LC Issuer as well as Owner; and (iii) the Lender shall be entitled to the benefit of all covenants and obligations to be performed by Lessee under this Lease, except Lessee's covenants and obligations relating to Excepted Rights. Notwithstanding the assignment to the Lender, Lessee and Owner acknowledge that all obligations of Owner to Lessee under this Lease shall be and remain enforceable by Lessee against, and only against, Owner. Notwithstanding the foregoing, Owner agrees that Lessee's rights under this Lease shall not be subordinate to the rights of any mortgagee or other lender taking security in the Leased Property unless such mortgagee or lender shall agree, with or for the benefit of Lessee, that it shall not disturb Lessee's possession under the Lease and shall respect Lessee's right to purchase the Leased Property under the terms of this Lease, so long as no Event of Default shall have occurred and be continuing under this Lease. If a mortgagee or lender who has taken security in the Leased Property shall succeed to the rights of the Owner under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed, then at the request of such party so succeeding to Owner's rights ("Successor Owner"), the Lessee shall be deemed to have attorned to and recognized such Successor Owner as the lessor under this Lease, and shall promptly execute and deliver any instrument that such Successor Owner may reasonably request to evidence such attornment, provided, however, that the Lessee shall be entitled to receive from such Successor Owner an agreement not to disturb

Lessee's possession under this Lease (so long as no Event of Default shall have occurred and be continuing) as a condition to the execution and delivery of such attornment agreement. Upon such attornment, this Lease shall continue in full force and effect as if it were a direct lease between the Lessee and the Successor Owner, and all of the terms, covenants and conditions of this Lease shall remain applicable after such attornment.

Upon the payment in full of all indebtedness outstanding under the Loan and the termination of the Lender's security interest in the Leased Property in accordance with the provisions of the Mortgage, the Owner may re-assign, sell or transfer and/or grant a security interest in, this Lease, in whole or in part and/or Leased Property to any Person, and upon notice of such assignment, sale, transfer or grant, Lessee shall comply with the requests and demands of such Person as if such Person was the Lender as provided above provided that such Person shall agree, with or for the benefit of Lessee, that it shall not disturb Lessee's possession under the Lease and shall respect Lessee's right to purchase the Leased Premises under the terms of this Lease, so long as no Event of Default shall have occurred and be continuing under this Lease

Section 20. Environmental Matters. Lessee hereby represents and warrants to and covenants with Owner, Trust Company, Beneficiary, Kramer, the Construction Lender, the Long-Term Lender, LC Issuer, BFS, Trust Company, and their respective Affiliates, successors, assigns, stockholders, partners, directors, officers, trustees, employees, beneficiaries, attorneys and accountants and any other Person claiming by through or under Owner, its Beneficiary, the Construction Lender, the Long-Term Lender, LC Issuer, BFS, Trust Company or any of their assignees (collectively, "Indemnified Parties") as follows:

(a) Lessee covenants and agrees that (i) Lessee shall comply and cause each permitted sublessee and assignee to comply with all Environmental Legal Requirements, including, but not limited to, Hazardous Materials Legal Requirements, applicable to the Leased Property or as required by any governmental agency or third party, and (b) Lessee shall take, and cause each permitted sublessee and assignee to take, all remedial action necessary to avoid any liability of Lessee, or any Indemnified Party for, and to avoid the imposition of, or to discharge, any liens on the Leased Property, as a result of, any failure to comply with Environmental Legal Requirements with respect to the Leased Property.

(b) Without limiting the generality of the foregoing, Lessee agrees that it shall not:

(i) release any Hazardous Materials on or under the

Leased Property or fail to take commercially reasonable precautions to prevent the release or threat of release of any Hazardous Materials on or under the Leased Property;

(ii) generate any Hazardous Materials on or under the Leased Property or fail to take commercially reasonable precautions to prevent the generation of Hazardous Materials on or under, or the migration of Hazardous Materials to, the Leased Property;

(iii) except in compliance with all Environmental Legal Requirements, store or utilize, or permit any Hazardous Materials to be stored or utilized on the Leased Property provided, however, that the materials listed in Schedule II attached may be used on or about the Lease Property and stored on the Leased Property in the quantities listed in such Schedule provided that all Environmental Legal Requirements are complied with in connection with such use or storage;

(iv) dispose of or permit any Hazardous Materials to be disposed of on the Leased Property except in compliance with all Environmental Legal Requirements; and

(v) use, or allow the Leased Property to be used, in a manner which does not comply with all Environmental Legal Requirements.

(c) Lessee shall provide Owner with prompt written notice, but in no event later than ten (10) Business Days after obtaining any actual knowledge or actual notice thereof, of any of the following conditions: (i) the presence, or any release or threat of release, of any Hazardous Materials on, under or from the Leased Property, whether or not caused by any of the Indemnified Parties; (ii) any Environmental Enforcement Action instituted or threatened in writing; or (iii) any condition or occurrence on the Leased Property that constitutes a violation of any of the Environmental Legal Requirements.

(d) Upon Lessee obtaining knowledge or notice of: (i) the violation of any Environmental Legal Requirement related to the Leased Property, or (ii) the presence, or any release or any threat of release, of any Hazardous Materials on, under, or from the Leased Property, which is lawfully claimed by any governmental agency or third party to violate any other Environmental Legal Requirement, or any combination thereof, Lessee shall immediately take all reasonable actions to cure or eliminate any such violation of any such Environmental Legal Requirement and, where applicable, to arrange for the assessment, monitoring, clean-up, containment, removal, remediation, or restoration of the Leased Property as are required pursuant to

any Hazardous Materials Legal Requirements or by any governmental authority.

(e) Owner shall have the right (but not the obligation) to require Lessee, at its own cost and expense, to obtain a professional environmental assessment of the Leased Property in accordance with Owner's requirements and sufficient in scope to determine compliance with Hazardous Materials Legal Requirements upon the occurrence of any one or more of the following events: (i) an Event of Default hereunder; or (ii) upon receipt of any notice of any of the conditions specified in Section 20(c) hereof unless Lessee complies with the remedial actions required pursuant to Section 20(d) or (iii) upon any return of the Leased Property in accordance with Section 34(d) hereof.

(f) Owner may exercise its rights and remedies under all of this paragraph (f) only upon and following the existence of one or more of the following events or conditions: (i) an Event of Default has occurred and is continuing; (ii) an Indemnified Party, or an affiliate thereof, or any nominee or designee of an Indemnified Party or an affiliate thereof has taken possession of all or some portion of the Leased Property based upon an Event of Default; (iii) an Indemnified Party, or an affiliate thereof or any nominee or designee of an Indemnified Party or an affiliate thereof, has commenced foreclosure proceedings or has acquired title to all or some portion of the Leased Property by virtue of foreclosure or deed in lieu of foreclosure; or (iv) a claim has been asserted against an Indemnified Party for which indemnification is provided herein, but Lessee has not undertaken or is not continuing to pursue, after having undertaken, commercially reasonable efforts to remediate, defend and otherwise indemnify any such Indemnified Party. In any of such events, the Owner shall have the right, but not the obligation, through such representatives or independent contractors as it may designate, to enter upon the Leased Property and to expend funds to:

(A) cause one or more environmental assessments of the Leased Property to be undertaken, if Owner in its sole discretion determines that such assessment is appropriate. Such environmental assessments shall be reasonable in scope considering the history and use of the Leased Property and the data available from prior reports, provided, however, the foregoing shall not limit or restrict the reasonable discretion of the Owner's engineers and consultants in formulating the exact parameters of any such site assessment and such site assessment may include, without limitation, (i) detailed visual inspections of the Leased Property, including without limitation all storage areas, storage tanks, drains, drywells and leaching areas; (ii) the taking

of soils and surface and sub-surface water samples; (iii) the performance of soils and ground water analysis; and (iv) the performance of such other investigations or analysis as are necessary or appropriate and consistent with sound professional environmental engineering practice in order for Owner to obtain a complete assessment of the compliance of the Leased Property and the use thereof with all Environmental Legal Requirements and to make a determination as to whether or not there is any risk of contamination (x) to the Leased Property resulting from Hazardous Materials originating on, under, or from any surrounding property or (y) to any surrounding property resulting from Hazardous Materials originating on, under, or from the Leased Property;

(B) cure any breach of the representations, warranties, covenants and conditions made by or imposed upon Lessee under this Lease including without limitation any violation by Lessee, or by the Leased Property, of any of the Environmental Legal Requirements;

(C) take all actions as are necessary to (i) prevent the migration of Hazardous Materials on, under, or from the Leased Property to any other property; or (ii) prevent the migration of any Hazardous Materials on, under, or from any other property to the Leased Property;

(D) comply with, settle, or otherwise satisfy any Environmental Enforcement Action as the same relates to the Leased Property including, but not limited to, the payment of any funds or penalties imposed by any governmental authority and the payment of all amounts required to remove any lien or threat of lien on or affecting the Leased Property; and

(E) comply with, settle, or otherwise satisfy any Environmental Legal Requirement and correct or abate in accordance with all applicable Environmental Legal Requirements any environmental condition on, or which threatens, the Property and which could cause damage or injury to the Property or to any person.

(g) Any amounts reasonably paid or advanced by Owner and all reasonable costs and expenditures incurred in connection with any action taken pursuant to the terms of this Section 20, including but not limited to environmental consultants' and experts' fees and expenses, attorneys' fees and expenses, court costs and all costs of assessment, monitoring, clean-up, containment, remediation, removal and restoration, with interest thereon at the then effective rate applicable under Section 25 hereof shall

be a demand obligation of Lessee to the Owner if not paid within ten (10) days after notice, and, to the extent not prohibited by law, and shall be deemed to be Additional Rental hereunder.

(h) The exercise by Owner of any one or more of the rights and remedies set forth in this Section 20 shall not operate or be deemed to place upon Owner any responsibility for the operation, control, care, service, management, maintenance or repair of the Leased Property.

(i) Without limiting the generality of the other provisions of this Section 20, any partial exercise by Owner of any one or more of the rights and remedies set forth in this Section 20 including, without limitation, any partial undertaking on the part of Owner to cure any failure by any of Lessee, or of the Leased Property, or any other occupant, prior occupant or prior owner thereof, to comply with any of the Hazardous Materials Legal Requirements shall not obligate the Owner to complete such actions taken or require Owner to expend further sums to cure such non-compliance.

Section 21. Environmental Indemnity. Lessee hereby agrees that it shall at its sole cost and expense indemnify, defend, exonerate, protect and save harmless each Indemnified Party on an after-tax basis against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or nature whatsoever, including, without limitation, attorneys' and experts' fees and disbursements, which may at any time be imposed upon, incurred by, or asserted or awarded against Owner or an Indemnified Party and arising from or out of any of the following, or any claims alleging any of the following:

(a) Any Hazardous Materials on, in, under, or which emanated from, all or any portion of the Leased Property, or which may hereafter be on, in, under or emanate from, all or any portion of the Leased Property whenever discovered;

(b) The violation of any Hazardous Materials Legal Requirements by Lessee, or with respect to the Leased Property, existing on or before the date hereof or which may so exist in the future, whenever discovered;

(c) The violation of any Environmental Legal Requirement by Lessee, or with respect to the Property, existing on or before the date hereof or which may so exist in the future, whenever discovered;

(d) Any material breach of warranty or representation made

under or pursuant to Section 20 hereof;

(e) Any Environmental Enforcement Action with respect to the Leased Property, whenever asserted; and

(f) The enforcement of this Section 21 or the assertion by Lessee of any defense to the obligations of Lessee hereunder, which is not sustained by a final order of a court of competent jurisdiction which is not subject to further appeal, whether any of such matters arise before, during or after the Term of this Lease or the taking of possession of all or any portion of the Leased Property by the Owner, and specifically including therein, without limitation, the following which are incurred following an Event of Default: (i) costs incurred for any of the matters set forth in Section 20 of this Agreement; and (ii) costs and expenses incurred in ascertaining the existence or extent of any asserted violation of any Environmental Legal Requirements relating to the Leased Property and any remedial action taken on account thereof including, without limitation, the costs, fees and expenses of engineers, geologists, chemists, other scientists, attorneys, surveyors, and other professionals, or testing and analyses performed in connection therewith.

(g) The obligations of Lessee under this Section 21 are not subject to any limitation as to amount. Nothing herein shall limit the right of an Indemnified Party to obtain injunctive relief or to pursue equitable remedies under this Section 21. The provisions of this Section 21, and the obligations of Lessee under this Section 21, shall apply from the Closing Date (notwithstanding the failure of Lessee to satisfy any condition set forth in Section 4(a) hereof), and shall survive and continue in full force and effect, notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration or termination of the Term, and are expressly made for the benefit of, and shall be enforceable by, each Indemnified Party, provided, however, that notwithstanding the foregoing, the Lessee shall not have any indemnification obligations to the Indemnified Parties for a violation of any Hazardous Materials Legal Requirements or Environmental Legal Requirements or for any Environmental Enforcement Actions attributable solely to any facts or circumstances arising after possession of the Leased Property has been returned to Owner, the Termination Date has occurred and the Owner has relet or sold the Leased Property.

Section 22. Indemnification and Hold Harmless Agreement. To the fullest extent not prohibited by applicable law, Lessee hereby agrees to indemnify and hold harmless each Indemnified Party, on an after-tax basis from and against any and all losses, damages, injuries, costs or expenses (including reasonable attorneys' fees and expenses) and from and against any and all

suits, demands, claims, actions or other proceedings whatsoever, brought by any entity or person whatsoever (except suits brought by Lessee against an Indemnified Party in which Lessee is the prevailing party) and arising or allegedly arising from (i) this Lease or the Transaction Documents; (ii) any transaction contemplated hereby or thereby; (iii) the acquisition, financing, construction, installation, ownership, lease and operation of the Leased Property (including patent or latent defects in the Land or Improvements, whether or not discoverable by Lessee or any Indemnified Party), including, without limitation, any suit, demand, claim or action arising under the Loan Documents by reason of Lessee being in default or failing to otherwise perform thereunder, hereunder or under the Construction Agency Agreement or under any other Transaction Document; (iv) the defense of any suit, demand, claim, action or other proceeding brought against such Indemnified Party in connection with the foregoing; (v) the enforcement of any provision of this Lease; (vi) damage, injury or death to any Person or damage to the property of any Person, due to any defect in the Land or Improvements, or any act or omission of any person including the defense of any suit, demand, claim, action or other proceeding brought against such Indemnified Party in connection with such damage or injury; (vii) any claims based upon absolute or strict liability in tort or claims based upon patent, trademark, tradename or copyright infringement; and (viii) any action taken in good faith by such Indemnified Party in connection with this Lease or the Leased Property; except that, as to any Indemnified Party, the foregoing indemnities shall not apply to the following:

(i) losses, damages, injuries, costs or expenses solely and directly caused by the gross negligence or willful misconduct of such Indemnified Party;

(ii) losses, damages, injuries, costs or expenses solely and directly caused by the mishandling or misapplication by any Indemnified Party of payments made by the Lessee hereunder if such payments are made to such Indemnified Party in accordance with the Transaction Documents;

(iii) the inaccuracy in any material respect of any representation or warranty made by such Indemnified Party in any of the Transaction Documents;

(iv) the creation or existence of an Owner Lien attributable to such Indemnified Party;

(v) if such Indemnified Party is the Owner, Lender, or the Beneficiary, the voluntary disposition of the Leased Property or the Lease, other than in

connection with (A) a voluntary disposition permitted after the occurrence of an Event of Default, (B) an Owner Conveyance, (C) the voluntary assignment by the Beneficiary of its ownership interest under the Trust Agreement, or (D) a subsequent transfer by the Lender or any nominee, designee or affiliate thereof if such entity purchases the Leased Property at a foreclosure sale or accepts a deed-in-lieu of foreclosure of the Leased Property;

(vi) any other matters expressly excluded from any other indemnity provisions contained in the Transaction Documents pursuant to which the Lessee has agreed to indemnify any Indemnified Party; and

(vii) acts or events that occur after the Indemnification Period.

Lessee shall give each Indemnified Party prompt notice of any occurrence, event or condition known to Lessee as a consequence of which any Indemnified Party may be entitled to indemnification hereunder. Lessee shall forthwith upon demand of any such Indemnified Party reimburse such Indemnified Party for amounts expended by it in connection with any of the foregoing or pay such amounts directly. Lessee shall be subrogated to an Indemnified Party's rights in any matter with respect to which Lessee has actually reimbursed such Indemnified Party for amounts expended by it or has actually paid such amounts directly pursuant to this Section 22. In case any action, suit or proceeding is brought against any Indemnified Party in connection with any claim indemnified against hereunder, such Indemnified Party will, promptly after receipt of notice of the commencement of such action, suit or proceeding, notify Lessee thereof, enclosing a copy of all papers served upon such Indemnified Party, but failure to give such notice or to enclose such papers shall not relieve Lessee from any liability hereunder. Lessee may, and upon such Indemnified Party's request will, at Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by Lessee and reasonably satisfactory to such Indemnified Party and in the event of any failure by Lessee to do so, Lessee shall pay all costs and expenses (including, without limitation, attorney's fees and expenses) incurred by such Indemnified Party in connection with such action, suit or proceeding. The provisions of this Section 22, and the obligations of Lessee under this Section 22, shall apply from the Closing Date (notwithstanding the failure of Lessee to satisfy any condition set forth in Section 4(a) hereof), and shall survive and continue in full force and effect, notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the

expiration or termination of the Term, and are expressly made for the benefit of, and shall be enforceable by, each Indemnified Party. The foregoing obligation of Lessee to indemnify the Indemnified Parties as aforesaid shall not operate as a limitation or waiver of any rights that Lessee may have (whether directly, by assignment, by subrogation or otherwise) against either the LC Issuer or Owner arising by reason of the occurrence of an Event of Default described in Section 23(i) hereof.

Section 23. Events of Default by Lessee. Any of the following events shall constitute Events of Default under this Lease:

(a) Lessee shall fail to make any payment of Base Rental within ten (10) days after the same is due and payable or fails to make any payment of Additional Rent when the same becomes due and payable and such failure continues for thirty (30) days after written notice thereof is given to Lessee; or

(b) Lessee shall fail to pay the Termination Value, Purchase Price or End of Term Adjustment, as applicable, when the same becomes due and payable; or

(c) Lessee shall fail to observe or perform any of its covenants or agreements set forth in Sections 4(b), 4(c), 15, 16(c), 19, 29, 30, 31, 32 or 34 of this Lease or shall fail to obtain any of the Listed Permits and such failure to obtain any of the Listed Permits materially delays the commencement, continuation or completion of the development or construction of the Improvements; or

(d) Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Lease and such failure shall continue unremedied, for thirty (30) days after written notice to Lessee specifying such failure and demanding the same to be remedied, provided, however, that no Event of Default shall be deemed to have occurred with respect to breach of any covenant, condition or agreement that cannot be remedied, with the exercise of reasonable diligence on Lessee's part, within such thirty (30) day period, if Lessee commences cure of such failure within such thirty (30) day period and diligently pursues such cure to completion, provided further, however, that the period given to the Lessee to remedy such failure should not exceed a total of ninety (90) days from the initial notice of default is given to Lessee, provided further still, that if such failure relates to a failure to comply with Environmental Legal Requirements, such ninety (90) day period may be extended to such longer period as may be reasonably necessary to remedy such failure; or

(e) Lessee or Lessee's Parent shall be in default (i) under any of the Construction Loan Documents, Long-Term Loan Documents, Investor Loan Documents, the Construction Agency Agreement, any other Transaction Document or any lease, loan agreement or other agreement, instrument or document heretofore, now or hereafter entered into between Lessee and Owner, or between Lessee and any parent, subsidiary or affiliate of Owner, or between Lessee and Lender, or between Lessee and LC Issuer, or between Lessee's Parent and Owner or between Lessee's Parent and Lender or between Lessee's Parent and LC Issuer or (ii) under any promissory note or guarantee heretofore, now or hereafter executed by Lessee or Lessee's Parent and delivered to any party referred to in clause (i) above evidencing or guaranteeing a loan made by any such party to Lessee, Lessee's Parent or Owner; or any obligation of Lessee or Lessee's Parent, to any Person (other than Owner, or any parent, subsidiary or affiliate of Owner) in excess of \$2 million relating to the payment of borrowed money or the payment of rent or hire under any lease agreement, shall be declared to be due and payable or otherwise accelerated prior to the maturity thereof by reason of a default in payment or performance by Lessee or Lessee's Parent (excluding any such default which is being contested in good faith by Lessee or Lessee's Parent by appropriate proceedings and the liability for which has not been reduced to judgment); or an attachment or other Lien shall be filed or levied against a substantial part of the property of Lessee or Lessee's Parent (taken in aggregate), and such judgment shall continue unstayed and in effect, or such attachment or Lien shall continue undischarged or unbonded, for a period of thirty (30) days; or

(f) Lessee or Lessee's Parent shall become insolvent or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for Lessee or Lessee's Parent or for a substantial part of its property without its consent and shall not be dismissed for a period of sixty (60) days; or any petition for the relief, reorganization or arrangement of Lessee or Lessee's Parent, or any other petition in bankruptcy or for the liquidation, insolvency or dissolution of Lessee or Lessee's Parent, shall be filed by or against Lessee or Lessee's Parent and, if filed against Lessee or Lessee's Parent, shall be consented to or be pending and not be dismissed for a period of sixty (60) days, or an order for relief under any bankruptcy or insolvency law shall be entered by any court or governmental authority of competent jurisdiction with respect to Lessee or Lessee's Parent; or any execution or writ or process shall be issued under any action or proceeding against Lessee or Lessee's Parent whereby any of the Leased Property may be taken or restrained (other than a Taking); or Lessee's or Lessee's Parent's corporate existence shall cease; or Lessee or Lessee's

Parent shall (whether in one transaction or a series of transactions) without Owner's prior written consent, sell, transfer or dispose of, or pledge or otherwise encumber, all or substantially all of its assets or property, or consolidate or merge with any other entity (except as otherwise permitted under Section 19(a) hereof), or become the subject of, or engage in, a leveraged buy-out or any other form of corporate reorganization;

(g) any representation, warranty, statement or certification made by Lessee under this Lease or in any document or certificate furnished to Owner or any Assignee in connection herewith or pursuant hereto, shall prove to be untrue or incorrect in any material respect when made, or shall be breached;

(h) a default or an Event of Default shall have occurred under the Lease Guaranty; or

(i) (A) the Lender shall be unable to make a draw request under any outstanding Letter of Credit because it has deemed that the conditions in such Letter of Credit for a drawing thereunder not to have been met or (B) a Draw Conditions Failure shall have occurred and, in the case of either (A) or (B), the Lessee shall not have previously delivered a Nonreturn Option Notice pursuant to Section 30(d) hereof or shall not have issued, or shall not be deemed to have issued a Special Nonreturn Option Notice pursuant to Section 4(c) hereof.

Section 24. Remedies Upon Default. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, Owner may exercise one or more of the following remedies:

(a) The Owner may take action at law or in equity to collect any payments then due or thereafter to become due under this Lease, or to enforce performance and observance of any term, covenant or condition of this Lease applicable to Lessee.

(b) The Owner may, in addition to or in lieu of taking such action at law or in equity as it may otherwise be entitled to, terminate the leasehold estate created hereby by giving Lessee not less than forty-five (45) days' prior written notice of the date Owner elects to make such termination effective (such notice period is referred to as the "Standstill Period") and, subject to the Lessee's rights under Section 24(e) below, the Owner may upon or after the completion of the Standstill Period repossess the Leased Property without further notice, either by summary proceeding or other suitable action either at law or in equity or otherwise, and without being deemed guilty of any manner of trespass and without prejudice to any remedies which might otherwise be used to demand, sue for or collect arrears of Base

Rental and Additional Rental and any other accrued obligations of Lessee under this Lease, and Lessee hereby waives all statutory rights (including without limitation rights of redemption, if any, to the extent such rights may be lawfully waived), provided, however, that if the Basic Lease Term or Extension Lease Term then in effect would otherwise expire during said Standstill Period, such Basic Lease Term or Extension Lease Term shall be extended to the end of the Standstill Period and Lessee shall be liable for the payment of all Basic Rent and Additional Rent during such extended rental period. In calculating the amount of any deficiency for which Lessee shall be liable hereunder, there shall be included, in addition to Base Rental and Additional Rental, the value of all other considerations agreed to be paid or performed by Lessee under this Lease. In calculating the amounts to be paid by Lessee pursuant to the foregoing sentence, there shall also be included all of the Owner's reasonable expenses in connection with any sale or reletting of the Leased Property, including, without limitation, all repossession costs, brokerage commissions, fees for legal services and expenses of preparing the Leased Property for such sale or reletting, it being agreed by Lessee that the Owner may, but shall not be obligated to, (A) relet the Leased Property or any other portion thereof for a term or terms which may at the Owner's option be equal to or less than or exceed the period which would otherwise have constituted the balance of the Interim Lease Term, the Basic Lease Term or an Extension Lease Term then in effect and may grant such concessions and free rent as the Owner in its reasonable judgment considers advisable or necessary to relet the same, (B) make such alterations, repairs and decorations in or to the Leased Property as the Owner in its reasonable judgment considers advisable or necessary to sell or relet the same, or (C) keep the Leased Property vacant. No action of the Owner in accordance with the foregoing or failure to sell or relet or to collect rent upon reletting shall operate or be construed to release or reduce Lessee's liability hereunder except (i) that a sale of the Leased Property not subject to this Lease shall terminate any further accruals of rent hereunder and Owner's only remedy in respect of such rentals shall be pursuant to Section 24(c) below. Upon the occurrence and during the continuation of an Event of Default, the Owner shall also be entitled to foreclose upon any fixtures, furniture or equipment or other personalty which is part of the Leased Property pursuant to the Uniform Commercial Code of New Jersey.

(c) Whether or not Owner shall have exercised, or shall thereafter at any time exercise, any of its rights under subsection (a) or (b) above with respect to the Leased Property (but subject to Lessee's rights set forth in Section 24(e) hereof), Owner, by written notice to Lessee specifying a payment date, may demand that Lessee pay to Owner, and Lessee shall pay

to Owner, on the payment date specified in such notice ("Liquidated Damage Payment Date") which shall not be earlier than the end of the Standstill Period and shall not be later than the end of the then applicable Interim Lease Term, Basic Lease Term or Extension Lease Term (if the Standstill Period expires after the applicable Interim Lease Term, Basic Lease Term or Extension Lease Term, the Liquidated Damage Payment Date shall be the first Business Day after the last day of the Standstill Period), as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Base Rental due for the Leased Property for any Rental Period commencing after the Liquidated Damage Payment Date and in lieu of the exercise by Owner of its remedies under subsection (b) above in the case of a reletting of the Leased Property or with respect to a sale of the Leased Property), the sum of (i) all unpaid Base Rental payable for all Rental Periods through the Liquidated Damage Payment Date specified in such notice, plus (ii) all unpaid Additional Rental due with respect to such Leased Property as of the Liquidated Damage Payment Date, plus (iii) an amount equal to the Termination Value of such Leased Property computed as of the Rent Payment Date coincident with or next preceding the Liquidated Damage Payment Date, or if the Liquidated Damage Payment Date occurs prior to the Basic Term Commencement Date, an amount equal to one hundred percent (100%) of all Project Costs incurred as of the later of (A) Liquidated Damage Payment Date or (B) the date of payment, plus, to the extent such amounts have not been included in Project Costs, all interest, cost, fees, reimbursements and all other amounts due and payable either to Owner or Lender under the Transaction Documents and which are incurred prior to the date of payment, and, on payment of such amounts, Owner shall convey the Leased Property to Lessee as an Owner's Conveyance as provided in Section 32 below.

(d) Subject to Lessee's rights under Section 24(e) below, Owner may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease. The remedies herein conferred upon and reserved to the Owner are not intended to be exclusive of any other available remedy or remedies which the Owner may have at law or in equity, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Owner to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, other than such notice

as may be required in this Section.

In addition, Lessee shall be liable for all costs and expenses, including without limiting the generality of the foregoing, reasonable attorney's fees, incurred by Owner or any Assignee by reason of the occurrence of any Event of Default or the exercise of Owner's remedies with respect thereto, including all costs and expenses incurred in connection with the surrender of the Leased Property in accordance with Section 33 hereof or in placing the Leased Property in the condition required by said Section. No express or implied waiver by Owner of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Owner to sell, lease or otherwise use the Leased Property in mitigation of Owner's damages as set forth in this Section 24 or which may otherwise limit or modify any of Owner's rights and remedies in this Section 24.

Notwithstanding any provision contained in this Lease to the contrary, any and all remedies available to Owner upon the occurrence of an Event of Default shall survive the termination of this Lease.

(e) If the Owner notifies the Lessee that it elects to repossess the Leased Property pursuant to Section 24(b) hereof or to rescind the Lease pursuant to Section 24(d) hereof, the Lessee shall be entitled to require the Owner to exercise the remedies set forth in Section 24(c) hereof in lieu of repossessing the Leased Property or in lieu of rescinding the Lease by delivering to the Owner at any time during the Standstill Period written notice of its election to have the Owner exercise its remedies under Section 24(c). Unless the Owner specifies another date as the Liquidated Damage Payment Date pursuant to the notice required under Section 24(c) hereof, the Liquidated Damage Payment Date shall be the first Business Day after the last day of the Standstill Period. If no notice of such election by Lessee is received by Owner within the Standstill Period, the Owner may pursue the remedies set forth in Section 24(b) or Section 24(d) hereof.

Section 25. Owner's Right to Perform for Lessee. If Lessee fails to make any payment of Additional Rental required to be made by it hereunder or fails to obtain the insurance required by Section 16 hereof or to otherwise perform or comply with any of its material agreements contained herein, Owner may (but shall not be required) itself, after notice to Lessee, make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of

Owner incurred in connection with such payment or the performance of or compliance with such agreement, together with interest on all such amounts calculated at a per annum rate equal to the rate equal to the Default Rate applicable under the Loan shall be due and payable by Lessee upon demand by Owner; provided, however, that no such payment, performance or compliance by Owner shall be deemed to cure or waive any Event of Default hereunder.

Section 26. Expenses. Lessee agrees, whether or not the transactions contemplated by this Lease are consummated, but solely to the extent such are incurred in connection with the transactions contemplated under the Transaction Documents (i) to pay the fees and expenses of the Trust Company (and any successors or co-trustees) for ordinary or extraordinary services as trustee under the Trust Agreement, including, without limitation, the reasonable fees and expenses of its counsel, (ii) all fees and expenses of the Owner, Beneficiary, Construction Lender, the Long-Term Lender, LC Issuer (except that no fees shall be payable by the Lessee or any other party to the LC Issuer for the issuance of the Letter of Credit) and BFS including, without limitation, the reasonable fees and expenses of their respective counsel and (iii) to pay to or reimburse Owner, Beneficiary, Construction Lender, Long-Term Lender, LC Issuer and BFS for (A) the payment of lien searches, filing and transfer fees, and taxes, fees and expenses relating to the titling and registration of and recording of this Lease or any mortgage, collateral, assignment of leases and rents, UCC financing statements and any other security documents with respect to the Leased Property incurred by or on behalf of Owner, Construction Lender, Long-Term Lender and LC Issuer, (B) appraisal fees, engineering fees, environmental assessments, title insurance fees, survey costs and (C) all other fees and expenses which the Owner is obligated to pay in connection with the negotiation and documentation of, and consummation of the transactions contemplated by, and the ongoing performance of the various parties under this Lease, the Construction Loan Documents, the Long-Term Loan Documents, the Investor Loan Documents, the Construction Agency Agreement, the Transaction Documents, and any other instruments and documents related to the transaction described in this Lease and said other documents, including, without limiting the generality of the foregoing, the organization and qualification of the Owner. The obligation of Lessee to pay all such fees, expenses and other amounts shall survive the termination of this Lease for any reason.

Section 27. Further Assurances. Further Assurances . Lessee will promptly and duly execute and deliver to Owner and any Assignee of Owner such other documents and assurances, including, without limitation, such amendments to this Lease as may be reasonably required by Owner and by any Assignee of Owner,

and Uniform Commercial Code financing statements and continuation statements, and will take such further action as Owner or any Assignee of Owner may from time to time reasonably request in order to carry out more effectively the intent and purposes of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Owner and of any Assignee of Owner and their respective rights, title and interests in and to the Leased Property or portions thereof.

Owner, at Lessee's sole cost and expense, will promptly and duly execute and deliver to Lessee and any permitted assignee of Lessee such other documents and assurances, including, without limitation, such amendments to this Lease as may be reasonably required by Lessee and by any permitted assignee of Lessee, and will take such further action as Lessee or any permitted assignee of Lessee may from time to time reasonably request in order to carry out more effectively the intent and purposes of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessee and of any permitted assignee of Lessee and their respective rights, title and interests in and to the Leased Property or portions thereof.

Section 28. Notices. All notices provided for or required under the terms and provisions hereof shall be in writing, and any such notice shall be deemed given (a) when personally delivered, (b) when deposited in the United States mails, with proper postage prepaid, for first class certified mail, return receipt requested, or (c) when delivered by an overnight courier service, addressed (i) if to Owner or Lessee, at their respective addresses as set forth below or at such other address as either of them shall, from time to time, designate in writing to the other, and (ii) if to any Assignee, to the address of such Assignee as such Assignee shall designate in writing to Owner and Lessee.

If to Owner:

First Fidelity Bank, National Association, trustee
c/o First Fidelity Bank
10 State House Square
Hartford, Connecticut 06103
Attn: W. Jeffrey Kramer

With a copy to:

James G. Scantling, Esq.
Bingham, Dana & Gould
100 Pearl Street
Hartford, Connecticut 06103-4507

If to Lessee:

Tiffany and Company
727 Fifth Avenue
New York, NY 10022
Attn: General Counsel

With a copy to:

Tiffany and Company
5 Sylvan Way
Parsippany, New Jersey 07054
Attn: Assistant Treasurer

Copies of any notices sent either to Owner or Lessee shall be delivered to each Assignee and to the LC Issuer. Notices sent to the LC Issuer shall be sent to the address set forth below:

BOT Financial Corporation
125 Summer Street
Boston, Massachusetts 02110
Attn: Senior Vice President-Administration

Section 29. Lessee's Extension Lease Options and End of Term Purchase Options.

(a) If (i) if no Default and no Event of Default shall have occurred and be continuing; and (ii) this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option upon written notice to Owner, as hereinafter provided, to enter into the Basic Lease Term if all of the conditions set forth in Section 4(a) hereof have been met and Owner is not entitled to terminate the leasehold estate pursuant to Section 4(c) hereof at the expiration of the Interim Lease Term and after the Basic Lease Term Expiration Date, to extend this Lease annually for up to nine consecutive Extension Lease Terms of one (1) year each. The Lessee shall be conclusively deemed to have elected to enter into the Basic Lease Term unless Lessee shall give written notice to Owner on or prior to January 31, 1996 that Lessee will not enter into the Basic Lease Term. The first Extension Lease Term will commence on the day immediately following the Basic Lease Term Expiration Date, and each succeeding Extension Lease Term will commence on the day immediately following the last day of the immediately preceding Extension Lease Term. All of the provisions of this Lease shall be applicable during each Extension Lease Term. Except during the ninth (9th) Extension Lease Term, this Lease shall be deemed automatically extended for the succeeding Extension Lease Term without the necessity of any notice or the taking of any other action unless Lessee shall give written notice to Owner that Lessee does not elect to extend the

Lease for the next succeeding Extension Lease Term at least three hundred and sixty-five (365) days prior to the last day of the then current Term. Unless Lessee has exercised its purchase option under Section 4(c) or Section 29(b) hereof or Lessee has delivered to Owner a Nonreturn Option Notice or has issued or is deemed to have issued a Special Nonreturn Option Notice, in the event Lessee elects not to enter into the Basic Lease Term or to exercise said extension option the Leased Property shall be returned to Owner in accordance with the provisions of Section 34 hereof, in which case the provisions of Section 31(b) hereof shall apply (unless delivered to a bidder in accordance with Section 30(b) hereof, in which case the provisions of Section 31(a) shall apply). If the Leased Property has not been so returned or delivered to Owner on the last day of the then effective Interim Lease Term, Basic Lease Term or Extension Lease Term, as the case may be, Lessee shall pay Base Rental and Additional Rental payable as provided in Section 34(f) hereof. If Lessee elects not to enter into the Basic Lease Term or has not renewed this Lease for an Extension Lease Term as provided above, then during the period from February 1, 1996 to the end of the Interim Lease Term and during the three hundred sixty-five (365)-day period preceding the date on which the then effective Basic Lease Term or Extension Lease Term, as the case may be, shall terminate or expire, Owner may, subject to all applicable governmental laws, rules and regulations, place signs in locations on the grounds in front of the Leased Property advertising that the same will be available for rent or purchase.

(b) If (i) no Default and no Event of Default shall have occurred and be continuing which, in the reasonable opinion of the Owner, materially and adversely affects the ability of the Lessee to effect a purchase of the Leased Property under this Lease, and (ii) this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option, upon written notice to Owner, as hereinafter provided, to purchase Owner's interest in the Leased Property in accordance with Section 32 hereof, on the then applicable Termination Date, for an amount equal to the Purchase Price applicable to the Interim Lease Term, Basic Lease Term or Extension Lease Term thereof then ending (i.e., the Termination Date), plus, in the event that Lessee exercises its purchase option hereunder prior to the end of the Maximum Term, the Reinvestment Premium, if any. To exercise said purchase option, Lessee shall give written notice to Owner to such effect at least three hundred sixty-five (365) days prior to the expiration of the then current Term. If Lessee gives written notice of its exercise of its right to purchase to Owner, such notice shall constitute a binding obligation of Lessee to purchase the Leased Property and to pay Owner the Purchase Price and, if applicable, the Reinvestment Premium on the Termination Date. Notwithstanding the provisions of Section 19 above, Lessee

may freely assign its option to purchase to any third party.

Section 30. Third Party Sale of Leased Property.

(a) Remarketing Obligations. If Lessee does not exercise either its option to enter into the Basic Lease Term or renew this Lease or its option to purchase the Leased Property and regardless of whether the Lessee has delivered a Nonreturn Option Notice, then Lessee shall have the obligation during the final three hundred sixty-five (365) days of the then current Term (the "Remarketing Period"), to use such commercially reasonable efforts as would be made by a self-interested property owner in the area to actively market commercial property to obtain bona fide bids for the Leased Property from prospective purchasers who are financially capable of purchasing the Leased Property for cash on an as-is, where-is basis, without recourse or warranty on the terms and conditions set forth in Section 32 hereof applicable to Owner Conveyances. The Lessee shall be responsible for hiring brokers who shall be reasonably acceptable to Owner and promptly upon Owner's request, shall permit inspection of the Leased Property and any maintenance records relating to the Leased Property by Owner, Assignee or any potential purchasers, and shall otherwise do all things necessary to sell and deliver possession of the Leased Property to any purchaser. All such marketing of the Leased Property shall be at Lessee's sole expense. The Lessee shall allow the Owner and any potential purchaser access to the Leased Property for purposes of showing the same. All bids received by Lessee prior to the end of the Basic Lease Term, or Extension Lease Term if applicable, shall be immediately certified to Owner in writing, setting forth the amount of such bid and the name and address of the person or entity submitting such bid. Notwithstanding the foregoing, Owner shall have the right, but not the obligation, to seek bids for the Leased Property during the Remarketing Period.

(b) Delivery of Leased Property to Third Party Buyer. Not later than the Termination Date, Lessee shall deliver the Leased Property to the bidder, if any, who shall have submitted such highest bid during the Remarketing Period, and Owner shall simultaneously therewith sell (or cause to be sold), its ownership in such Leased Property to such bidder, provided, that Owner shall not be obligated to sell the Leased Property if either (x) all of the conditions set forth in Sections 29(b), 32 and 33 have not been complied with on or before such Termination Date or (y) the Net Proceeds of Sale of the Leased Property would be less than the Maximum Owner Risk Amount applicable as of the Termination Date; and, further provided, that in any event, Owner shall not sell the Leased Property under the circumstances described in clause (y) without the prior written consent of the LC Issuer. The Net Proceeds of Sale shall be retained by the

Owner. This Section 30(b) is for the benefit of, and may be enforced by, LC Issuer as a third party beneficiary.

(c) Delivery of Appraisals and Reports. Owner shall have the right in its sole discretion, but not the obligation, to retain a third party as its agent for the purpose of determining compliance of the Lessee with the conditions applicable to a return of the Leased Property pursuant to Section 34, at Lessee's cost and expense. Upon the request of Owner and at Lessee's sole cost and expense, Lessee shall provide Owner with a written report describing in reasonable detail Lessee's efforts during the Remarketing Period to obtain bona bids for the purchase of the Leased Property, including a list of all Persons approached for the purpose of soliciting bids to purchase the Leased Property.

(d) Nonreturn Option Notice. If Lessee does not exercise either its option to enter into the Basic Lease Term or to renew this Lease or its option to purchase the Leased Property at the end of the Term and if no Default or Event of Default has occurred and is continuing, then at any time on or prior to July 31, 1996, if the Termination Date is to occur prior to the Basic Term Commencement Date, or one-hundred eighty (180) days prior to the last day of the then current Basic Lease Term or Extension Lease Term, as the case may be, the Lessee may deliver to the Owner a written notice that on the Termination Date either the Leased Property will be sold to a third party pursuant to a bid which meets the requirements of Section 30(b) above or the Lessee shall purchase the Leased Property for the full Purchase Price and Reinvestment Premium, if any. The written notice described in the preceding sentence is referred to as a "Nonreturn Option Notice." If the Lessee delivers a Nonreturn Option Notice to Owner and the Lessee desires to sell the Leased Property to a third party, it shall be required to submit a third-party bid which meets the requirements of Section 30(b) no later than thirty (30) days prior to the Termination Date; otherwise, the Lessee shall be obligated to purchase the Leased Property on the Termination Date as if it had elected to purchase the Leased Property pursuant to Section 29(b).

Section 31. End of Term Adjustment.

(a) This Section 31(a) shall apply only if a sale of the Leased Property has been consummated on or prior to the Termination Date pursuant to Section 30(b) hereof. If the Net Proceeds of Sale of the Leased Property from a sale to a third party are less than the Purchase Price of the Leased Property as of such Termination Date, Lessee shall, on the Termination Date, pay to Owner as an End of Term Adjustment, in immediately available funds, an amount equal to such deficiency (a

"Deficiency") as an adjustment to the Rent payable under this Lease; provided, however, that if all of the Limited Lessee Risk Conditions have been met, the amount of the Deficiency payable by Lessee with respect to the Leased Property shall not exceed the Maximum Lessee Risk Amount then applicable. If the Net Proceeds of Sale of the Leased Property exceed the Purchase Price, Owner shall pay to Lessee an amount equal to such excess as an adjustment to the Rent paid or payable under this Lease; provided, however, that Owner shall have the right to offset against such adjustment payable by Owner, any other amounts then due and payable from Lessee to Owner hereunder or under any other agreements between Owner and Lessee. Lessee shall also pay to Owner on the Termination Date the Base Rental due and payable for the Leased Property on the Termination Date, plus all Additional Rental then due and owing. Owner's obligation to sell (or cause to be sold) the Leased Property to a third party under Section 30 is contingent upon the receipt of the amounts, if any, payable by Lessee pursuant to this Section 31(a) and Section 31(c).

(b) If upon the expiration of the Interim Lease Term, the Basic Lease Term or any Extension Lease Term or upon any Termination Date, Lessee does not purchase the Leased Property pursuant to Section 4(c) or Section 29 hereof, a third party sale is not consummated in accordance with Section 30 hereof, the Lessee does not elect to enter into the Basic Lease Term or does not extend the Term of the Lease by an Extension Term pursuant to Section 29(a) hereof, then Lessee shall, on the Termination Date, pay to Owner as an End of Term Adjustment as an adjustment to the rent payable under this Lease, an amount equal to (i) the Maximum Lessee Risk Amount then applicable if all of the Limited Lessee Risk Conditions have been met, or (ii) the Purchase Price, if all of the Limited Lessee Risk Conditions have not been met, plus, in either case, the Base Rental due and payable on the Termination Date, plus all Additional Rental then due and owing. The total selling price realized from any sale of the Leased Property after the Termination Date shall be retained by Owner. Lessee shall remain liable for the payment of, and upon the consummation by Owner of the sale of the Leased Property after the Termination Date, Lessee shall pay or reimburse Owner for the payment of, all applicable sales, excise, transfer, recording or other taxes imposed as a result of such sale, and fees and all expenses incurred by Owner as a result of such sale, including, without limitation, expenses incurred in titling and registering the conveyance of Owner's title to the Leased Property, title insurance fees and expenses and fees and expenses of counsel, but the Lessee shall not be required to pay or reimburse Owner for any tax based upon or measured solely by Owner's or Beneficiary's gross, net or taxable income realized upon such sale or any taxes payable in the nature of capital gains, unless any such tax is in lieu of or a substitute for any sales, excise, transfer or

recording taxes imposed as a result of a sale of the Leased Property.

(c) If the Lender submits a draw request to the LC Issuer for payment of the Letter of Credit and there is a Draw Conditions Failure, such shall constitute an Event of Default by Lessee hereunder, but the occurrence of an Event of Default for such reason shall not operate as a limitation or waiver of any rights that Owner, Beneficiary or Lessee may have against LC Issuer for wrongful dishonor, and in such event, (i) Owner agrees to take all actions (and agrees to cause the Beneficiary and any Assignee to take all actions) which are reasonably required to preserve any claims against the LC Issuer and (ii) upon payment in full of all amounts due from Lessee at the expiration of this Lease, the Owner shall assign (and agrees to cause the Beneficiary and any Assignee to assign) all of its rights against LC Issuer to the Lessee. If an Event of Default described in Section 23(i) hereof shall have occurred by reason of the Owner's default under the Reimbursement and Remarketing Agreement, the Lessee shall be subrogated to the LC Issuer's rights against the Owner and Leased Property, all as provided in Section 13 of the Reimbursement and Remarketing Agreement.

(d) In the event a Termination Date occurs prior to the last day of the Maximum Term hereof, Lessee shall pay to Owner on the Termination Date, in addition to any other obligations hereunder, the Reinvestment Premium, if any

(e) If (A), as of the Termination Date, the Lessee shall have met all of the Limited Lessee Risk Conditions and the Lessee shall not have received notice of the occurrence of an Event of Default described in Section 23(i) hereof, and (B) an Event of Default described in Section 23(i) hereof subsequently occurs on or after the Termination Date, then the Lessee shall pay in immediately available funds and on demand from Owner (or its Assignee) an amount equal to the difference, if any, between (x) the amount which would have been payable by the Lessee on the Termination Date under Section 31(a) or 31(b) hereof as if the Limited Lessee Risk Conditions were not met as of such date and (y) the amount actually paid by Lessee on the Termination Date pursuant to Section 31(a) or 31(b) hereof, plus interest at the Default Rate on such difference for the period from the Termination Date to the date of payment.

Section 32. Procedure for Owner Conveyance. In the event of an Owner Conveyance, the terms and conditions of this Section 32 shall apply. On the closing date for such transfer:

(i) (A) The Owner shall have received all amounts due and payable to it under the applicable provisions of this Lease, and

without limitation of the foregoing, Lessee shall have paid all Basic Rental and Additional Rental and all other sums due and payable by Lessee under this Lease, through the date of consummation of the transfer, in each case in funds of the type specified and otherwise in accordance with Section 33 hereof.

(ii) Each Owner's Conveyance shall be made by a good and sufficient bargain and sale deed, or such other instruments as may be appropriate in the circumstances, which shall transfer all of the Owner's interest in the Leased Property to Lessee or third party, as the case may be. OWNER'S TRANSFER OF ITS OWNERSHIP IN THE LEASED PROPERTY SHALL BE ON AN AS-IS, WHERE-IS BASIS, WITHOUT ANY REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO THE DESIGN, CONDITION, QUALITY, CAPACITY, MERCHANTABILITY, HABITABILITY, DURABILITY, SUITABILITY OR FITNESS OF THE LEASED PROPERTY FOR ANY PARTICULAR PURPOSE, OR ANY OTHER MATTER CONCERNING THE LEASED PROPERTY OR ANY PORTION THEREOF. LESSEE AND, IF APPLICABLE, ANY THIRD PARTY SHALL WAIVE ANY CLAIM (INCLUDING ANY CLAIM BASED ON STRICT OR ABSOLUTE LIABILITY IN TORT OR INFRINGEMENT) IT MIGHT HAVE AGAINST OWNER FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY THE LEASED PROPERTY OR BY LESSEE'S LOSS OF USE THEREOF FOR ANY REASON WHATSOEVER. Owner shall convey all of its then right, title and interest in and to the Leased Property to Lessee or third party, as the case may be, free and clear of any Owner Liens (other than Permitted Liens), and any liens securing debt incurred by Owner, whether recourse or otherwise, including but not limited to the Construction Loan and the Long-Term Loan and any replacements for or additions to the foregoing, but NO REPRESENTATION OR WARRANTY SHALL BE MADE BY OWNER AS TO THE EXISTENCE OF ANY OTHER LIENS OR ENCUMBRANCES ON THE LEASED PROPERTY AS OF THE DATE OF SALE.

(iii) The Lessee shall have paid all charges and expenses incident to the transfer of the Leased Property in an Owner's Conveyance, including, without limitation, all transfer taxes, recording fees, title insurance premiums and federal, state and local taxes arising as a result of such transfer. Lessee shall have paid all fees and expenses of Owner's counsel and Lender's counsel incurred by reason of the transfer.

Section 33. Time of the Essence; Manner of Payment. The provisions of this Lease requiring the payment by Lessee to the Owner or to any third party, whether such payments are for Base Rental, Additional Rental, Termination Value, Purchase Price, End of Term Adjustment, Maximum Lessee Risk Amount, Late Charges or otherwise are of the essence of this Lease, and time is of the essence for any payment and performance of such obligations of Lessee set forth herein. All payments to be made to Owner hereunder shall be in immediately available funds paid by wire

transfer to an account designated by Owner, or at Owner's request, by certified or cashier's check.

Section 34. Return of Leased Property.

(a) Upon the expiration or earlier termination of the Term (unless Lessee has purchased the Leased Property pursuant to Section 4(c) or Section 29 hereof, or has delivered a Nonreturn Option Notice or has issued or is deemed to have issued a Special Nonreturn Option Notice), Lessee will vacate and surrender and deliver possession of the Leased Property to Owner in broom clean condition and in the condition required pursuant to Section 13(a) hereof. Lessee shall remove from the Leased Property on or prior to such expiration or earlier termination of this Lease, all personal property, furniture and fixtures (other than equipment and fixtures which form a part of the building systems) situated thereon which is not the property of Owner, and shall repair any damage caused by such removal. Property not so removed shall become the property of Owner, and Owner may cause such property to be removed from the Leased Property and disposed of, and Lessee shall pay the reasonable cost of any such removal and disposition and of repairing any damage caused by such removal.

(b) Except for surrender upon the expiration or earlier termination of the Term hereof, no surrender to Owner of this Lease or of the Leased Property shall be valid or effective unless agreed to and accepted in writing by Owner and any Assignee of Owner.

(c) Without limiting the generality of the foregoing, upon the surrender and return of the Leased Property to Owner pursuant to this Section 34, the Leased Property shall (i) be capable of being immediately utilized by a third-party purchaser or third-party lessee without further inspection, construction, repair, replacement, alterations or improvements, licenses, permits, or approvals, except for any of the foregoing required solely by virtue of the change in ownership (other than to Owner or Assignee), use or occupancy of the Leased Property, (ii) be in accordance and compliance with all Legal Requirements and Environmental Legal Requirements including, without limitation, any of the foregoing required by virtue of a change in ownership, use or occupancy of the Leased Property other than to Lessee, (iii) be free and clear of all Liens, other than any Permitted Liens and Owner Liens and any liens securing debt incurred by Owner, whether recourse or otherwise, including but not limited to the Construction Loan, the Investor Loan and the Long-Term Loan and any replacements for or additions to the foregoing.

(d) On or prior to the date of such surrender and return of the Leased Property, Owner shall have received from Lessee, at

Lessee's expense, evidence satisfactory to Owner and each Assignee, of compliance with the provisions of this Section 34, including without limitation, an environmental assessment for the Leased Property addressed in form and substance satisfactory to Owner and each Assignee or, in lieu of addressing to such parties directly, accompanied by a letter permitting Owner and each Assignee to rely thereon, performed by an independent, licensed professional engineer satisfactory to Owner and each Assignee, and which assessment (x) shall be sufficient in scope to determine compliance with the applicable Environmental Legal Requirements, (y) shall reveal no actual or potential environmental liabilities which cannot be remediated by Lessee as provided in the following clause (z), and (z) if such environmental assessment reveals the need for additional review, Lessee shall have provided such additional information or environmental assessments as are required by Owner and each Assignee and, subject to Section 20 hereof, any remediation recommended therein to be performed shall have been performed, and evidence of compliance with Section 34(c)(ii).

(e) Upon such return of the Leased Property to Owner, Lessee shall deliver to Owner a then current title insurance policy or a binding commitment to issue a title insurance policy written by a title insurance company reasonably acceptable to Owner, insuring good and marketable title in the Leased Property in an amount equal to the Termination Value determined as of the Termination Date, unencumbered except for Owner Liens or Permitted Liens. Upon the request of Owner, Lessee shall continue to maintain its insurance policies for the Leased Property required under Section 15 hereof if able to do so on a commercially reasonable basis, provided that Owner pays or reimburses Lessee for its pro rata costs thereof.

(f) Until the Leased Property has been returned to Owner in the condition required under Section 34(a) through (d) hereof, Lessee shall continue to pay Owner, on the same dates on which Base Rental was payable during the Basic Lease Term or any Extension Lease Term thereof, 125% of the Base Rental that was payable on the last Rent Payment Date of the Basic Lease Term thereof, or if the Term has been renewed pursuant to Section 29(a) hereof, 125% of the same Base Rental that was payable on each Rent Payment Date during the last Extension Lease Term, plus, in each case, all Additional Rental for which Lessee is liable applicable to such periods.

(g) The provisions of this Section 34 are of the essence of this Lease, and any breach thereof shall be deemed an Event of Default hereunder, and upon application to any court of equity having jurisdiction in the premises, Owner shall be entitled to a decree against Lessee requiring specific performance of the

covenants of Lessee set forth in this Section 34.

Section 35. Financial Information. Lessee agrees to furnish Owner (a) as soon as available, and in any event within 105 days after the last day of each fiscal year of Lessee, a copy of the balance sheet of Lessee's Parent on a consolidated basis as of the end of such fiscal year, and related consolidated statements of income and retained earnings of Lessee's Parent for such fiscal year, certified by an independent certified public accounting firm of recognized standing, each on a comparative basis with corresponding statements for the prior fiscal year, and a copy of Lessee's Parent's form 10-K, if any, filed with the Securities and Exchange Commission for such fiscal year; (b) within 50 days after the last day of each fiscal quarter of Lessee's Parent (except the last such fiscal quarter), a copy of the balance sheet as of the end of such quarter, and statement of income and retained earnings covering the fiscal year to date of Lessee Parent on a consolidated basis, each on a comparative basis with the corresponding period of the prior year, all in reasonable detail and certified by the treasurer or principal financial officer of Lessee's Parent, together with a copy of Lessee's Parent's form 10-Q, if any, filed with the Securities and Exchange Commission for such quarterly period; (c) contemporaneously with its transmittal to each stockholder of Lessee's Parent and to the Securities and Exchange Commission, all such other financial statements and reports as Lessee's Parent shall send to its stockholders and to the Securities and Exchange Commission; (d) as soon as available to Lessee's Parent, the notice of any material adjustment resulting from any audit of the books and/or records of Lessee's Parent by any taxing authority having jurisdiction over Lessee's Parent; and (e) such additional financial information as Owner may reasonably request concerning Lessee's Parent.

Section 36. Recording. Lessee will execute, acknowledge, deliver and cause to be recorded or filed in the manner and place required by any present or future law, a memorandum hereof, and all other instruments, including, without limitation, financing statements, continuation statements, releases and instruments of similar character, which shall be reasonably requested by Owner or any Assignee as being necessary or appropriate in order to protect Owner's or Assignee's respective interests in the Leased Property or to publish notice of or to create, maintain and protect the lien and security interest intended to be created by the mortgage securing the Loan and the other obligations of Owner to Lender upon, and the interest of Lender in, the Leased Property. If Lessee shall fail to comply with this Section 36, Owner shall be and is hereby irrevocably appointed the agent and attorney in fact of Lessee, to comply therewith, but this sentence shall not prevent any default in the observance of this

Section 36 by Lessee from constituting an Event of Default in accordance with the provisions of this Lease. Lessee may record a memorandum hereof whether or not requested by Owner.

Section 37. No Reliance. Lessee and Owner hereby mutually acknowledge that in negotiating the terms of this Lease and all other related agreements and documents, each has sought, obtained and relied exclusively upon such accounting, actuarial, tax and legal advice from its own or other independent sources as it has deemed necessary, and further acknowledges that neither Lessee, Owner, Lender, LC Issuer, BFS or any Assignee nor any of their respective affiliates or personnel has represented or warranted the legal, tax, economic, accounting, or other consequences of the terms and provisions hereof and of the other related agreements and documents.

Section 38. Miscellaneous. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing Owner's rights under the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision of this Lease prohibited or unenforceable in any respect. In no event shall any amounts payable hereunder, whether payable as Base Rental, Additional Rental or otherwise, exceed any limits imposed by applicable law. To the extent any amounts received by Owner exceeds the maximum amount permitted, such payment shall be credited to future Base Rental payable hereunder or at Owner's option, be refunded to Lessee. No term or provision of this Lease may be amended, altered, waived, discharged or terminated orally, but may be amended, altered, waived, discharged or terminated only by an instrument in writing signed by a duly authorized officer of the party against which the enforcement of the amendment, alteration, waiver, discharge or termination is sought. A waiver on any one occasion shall not be construed as a waiver on a future occasion. All of the covenants, conditions and obligations contained in this Lease shall be binding upon and shall inure to the benefit of the respective successors and assigns of Owner and (subject to the restrictions of Section 19 hereof) Lessee. This Lease, the Construction Agency Agreement and each related instrument, document, agreement and certificate, collectively constitute the complete and exclusive statement of the terms of the agreement between Owner and Lessee with respect to the leasing of the Leased Property, and cancel and supersede any and all prior oral or written understandings with respect thereto.

Section 39. Venue; Governing Law. Lessee agrees that at Owner's sole election any suit, action or proceeding brought by Owner against Lessee in connection with or arising out of this Lease may be brought in any federal or state court in the State of New Jersey, and Lessee waives personal service of all process upon it and consents that service of process may be made by mail or messenger directed to it at its address set forth above and that service so made shall be deemed to be completed upon the earlier of actual receipt or three (3) days after the same shall have been posted to Lessee's said address. Nothing herein contained shall affect Owner's right to serve legal process in any other manner permitted by law or to bring any suit, action or proceeding against Lessee or its property in the courts of any other jurisdiction. This Lease shall in all respects be governed by, and constructed in accordance with, the laws of the State of New Jersey, including all matter of construction, validity and performance.

Section 40. Estoppel Certificate. Lessee agrees from time to time, upon not less than ten (10) days' prior written notice from Owner, Lender or LC Issuer, to execute, acknowledge and deliver to Owner, Lender or LC Issuer or any other Person designated by Owner, Lender or LC Issuer, a statement in form and substance reasonably satisfactory to the Person requesting same certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications), the dates to which Base Rental and Additional Rental have been paid, and stating whether or not, to the best knowledge of the signer of the certificate, Owner is in default in performance of any covenant, agreement or condition in this Lease and, if so, specifying each such default of which the signer may have knowledge, it being intended that any such statement may be relied upon by any prospective purchasers of the Leased Property, any assignee of Owner, Lender or LC Issuer or any prospective mortgage lender.

Section 41. Survival of Representations, Warranties and Covenants. All representations, warranties, agreements, covenants and obligations of Lessee herein are material, shall be deemed to have been relied upon by Owner, and, unless by their express terms expire as of an earlier date, shall survive and continue in full force and effect notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration or termination of the Term with respect to the Leased Property.

Section 42. Nonrecourse.

(a) Any provision of this Lease to the contrary

notwithstanding, the liability of the Owner hereunder, if any, shall be satisfied solely from the assets held in trust by the Owner, including the Leased Property. This Lease is a trust obligation of the Owner, and no recourse under or upon any representation, warranty, obligation, covenant or agreement contained herein or for any claim based hereon or in respect hereto shall be had against any past, present or future trustee, co-trustee, beneficiary, settlor, officer, employee or agent, as such, of the Owner or any of their respective assets or properties.

(b) It is expressly understood and agreed by the parties hereto that (i) this Lease is executed and delivered by First Fidelity Bank, National Association, not individually or personally but solely as trustee under the Trust Agreement 1995-1 dated as of July 1, 1995 with the Beneficiary in the exercise of powers and authority conferred and vested in it, (ii) each of the representations, undertakings and agreements herein made on the part of the Owner is made and intended not as personal representations, undertakings and agreements by First Fidelity Bank, National Association, but is made and intended for the purpose for binding only the Owner as the trustee under the Trust Agreement, (iii) under no circumstances shall First Fidelity Bank, National Association, be personally liable for the payment of any indebtedness or expenses of the Trustee or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Owner under this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed under seal by their duly authorized representatives effective as of the date first written above.

First Fidelity Bank, National Association,
not in its individual capacity but solely as
Trustee under Trust Agreement 1995-1
dated as of July 1, 1995
(Owner)

By: _____
Title: _____

TIFFANY AND COMPANY
(Lessee)

By: _____
Title: _____

COUNTERPART NO. ____ OF ____ SERIALY NUMBERED MANUALLY EXECUTED
COUNTERPARTS.

Schedule I

List of Listed Permits

- 1) Foundation Permit
- 2) Building Permit

CREDIT AGREEMENT

by and among

TIFFANY & CO.,

TIFFANY AND COMPANY,
TIFFANY & CO. INTERNATIONAL,
THE SUBSIDIARY BORROWERS PARTY HERETO,

THE LENDERS PARTY HERETO,

THE BANK OF NEW YORK,
as Issuing Bank and as Swing Line Lender,

THE BANK OF NEW YORK,
as Arranging Agent,

and

THE BANK OF NEW YORK,
as Administrative Agent

\$130,000,000

Dated as of June 26, 1995

Credit Agreement, dated as of June 26, 1995, by and among Tiffany & Co., a Delaware corporation (the "Parent"), Tiffany and Company, a New York corporation ("Tiffany"), Tiffany & Co. International, a Delaware corporation ("Tiffany International"), each Subsidiary Borrower which is a signatory hereto or becomes a party hereto pursuant to the provisions of Section 2.23, the Lenders party hereto, The Bank of New York ("BNY"), as Issuing Bank and as Swing Line Lender, BNY, as Arranging Agent (in such capacity, the "Arranging Agent") and BNY, as Administrative Agent (in such capacity, the "Administrative Agent").

I. DEFINITIONS AND PRINCIPLES OF CONSTRUCTION

A. Definitions

When used herein, each of the following terms shall have the meaning ascribed thereto unless the context hereof otherwise specifically requires:

"ABR Advances": the Loans (or any portions thereof) at such time as they (or such portions) are made and/or being maintained at a rate of interest based upon the Alternate Base Rate; each an "ABR Advance".

"Accountants": Coopers & Lybrand, or such other firm of independent certified public accountants of recognized national standing as shall be selected by the Parent and reasonably satisfactory to the Administrative Agent.

"Accumulated Funding Deficiency": as defined in Section 302 of ERISA.

"Acquisition": with respect to any Person, the purchase or other acquisition by such Person, by any means whatsoever (including by devise, bequest, gift, through a dividend or otherwise), of (a) Stock of, or other equity securities of, any other Person if, immediately thereafter, such other Person would be either a consolidated subsidiary of such Person or otherwise under the control of such Person, (b) any business, going concern or division or segment thereof, or (c) the Property of any other Person other than in the ordinary course of business, provided, however, that no acquisition of substantially all of the assets, or any division or segment, of such other Person shall be deemed to be in the ordinary course of business.

"Advance": an ABR Advance, a Eurodollar Advance, a Core Currency Euro Advance or a Swing Line Negotiated Rate Advance, as the case may be.

"Adverse Tax Position": as defined in Section 2.13(g).

"Affiliate": with respect to any Person at any time and from time to time, any other Person (other than a consolidated

subsidiary of such Person) which, at such time (a) controls such Person, or (b) is under common control with such Person. The term "control", as used in this definition with respect to any Person, means the power, whether direct, or indirect through one or more intermediaries, to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise.

"Aggregate Commitments": on any date, the sum of all Commitments on such date.

"Aggregate Credit Exposure": as of any date of determination, the sum of (i) the outstanding principal amount (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Loan) of the Loans of all Lenders plus (ii) an amount equal to the Letter of Credit Exposure.

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

"Alternate Base Rate": on any date, a rate of interest per annum equal to the higher of (i) the Federal Funds Rate in effect on such date plus 1/2 of 1% or (ii) the BNY Rate in effect on such date.

"Alternate Currency": any Core Currency (other than Dollars) or Non-Core Currency.

"Alternate Currency Bid Loan": each Bid Loan denominated in an Alternate Currency.

"Alternate Currency Equivalent": with respect to any Alternate Currency, on any date of determination thereof, the amount of such Alternate Currency which could be purchased with the amount of Dollars involved in such computation at the spot rate at which such Alternate Currency may be exchanged into Dollars as set forth on such date on (i) Reuters pages MGTY, MGTX, SCNY or BNMN or (ii) Dow Jones Telerate pages 262, 264, 265, 266 or 9993 (or any successor pages) or, if such rate does not appear on such pages, at the spot exchange rate therefor as determined by the Administrative Agent as of 11:00 A.M. (London time) on such date of determination thereof for delivery (x) in the case of an exchange of Canadian Dollars into Dollars, one Business Day later and (y) in all other cases, two Business Days later. In the event that, on any date of determination, a spot rate for an individual Alternate Currency appears on both a page of Reuters set forth above and a page of Dow Jones Telerate set forth above, the Alternate Currency Equivalent of such Alternate Currency shall be the arithmetic mean of such spot rates.

"Alternate Currency Loan": any Alternate Currency Revolving Loan, Alternate Currency Bid Loan, Alternate Currency Negotiated Rate Loan, Alternate Currency Swing Line Loan or

Individual Currency Loan.

"Alternate Currency Negotiated Rate Loan": each Negotiated Rate Loan denominated in an Alternate Currency.

"Alternate Currency Revolving Loan": each Revolving Loan denominated in a Core Currency (other than Dollars).

"Alternate Currency Swing Line Loan": each Swing Line Loan denominated in a Core Currency (other than Dollars).

"Applicable": with respect to Regulation D being applicable to any determination of a Core Currency Euro Rate or an Individual Currency Rate, that Regulation D reserves would be applicable to the Core Currency Euro Advance or the Individual Currency Loan, as the case may be, as to which such interest rate would apply (including by giving effect to the assumption that the applicable Lender had funded such Core Currency Euro Advance or such Individual Currency Loan, as the case may be, through the purchase of a Core Currency or a Non-Core Currency, as the case may be, deposit by a subsidiary or affiliate of such Lender in the London interbank market and the transfer thereof to such Lender from such subsidiary or affiliate).

"Applicable Currency":

(a) With respect to any Revolving Loan or Swing Line Loan for any applicable Borrower, Dollars and each Available Alternate Currency which is a Core Currency as follows:

- (i) in the case of Dollars: a Domestic Borrower,
- (ii) in the case of French Francs: the French Borrower,
- (iii) in the case of German Marks: the German Borrower,
- (iv) in the case of Japanese Yen: the Japanese Borrower, and
- (v) in the case of Sterling Pounds: the Sterling Borrower.

(b) With respect to any Bid Loan, the Currency specified by the applicable Borrower in its Bid Request for such Bid Loan.

(c) With respect to any Negotiated Rate Loan, the Currency specified in the Negotiated Rate Confirmation for such Negotiated Rate Loan.

(d) With respect to any Individual Currency Loan for any applicable Borrower, each Available Alternate

Currency which is a Non-Core Currency as follows:

- (i) in the case of Australian Dollars: the Australian Borrower,
- (ii) in the case of Canadian Dollars: the Canadian Borrower,
- (iii) in the case of Hong Kong Dollars, the Hong Kong Borrower,
- (iv) in the case of Italian Lira: the Italian Borrower,
- (v) in the case of Korean Won: the Korean Borrower,
- (vi) in the case of Malaysian Ringgit: the Malaysian Borrower,
- (vii) in the case of Mexican Pesos: the Mexican Borrower,
- (viii) in the case of Philippine Pesos: the Philippine Borrower,
- (ix) in the case of Singaporean Dollars: the Singaporean Borrower,
- (x) in the case of Swiss Francs: the Swiss Borrower,
- (xi) in the case of New Taiwan Dollars: the Taiwanese Borrower, and
- (xii) in the case of Thai Baht: the Thai Borrower.

"Applicable Lending Office": (i) as to any Lender, with respect to Revolving Loans in any Core Currency, initially, the office, branch or affiliate of such Lender designated as such Lender's lending office for Revolving Loans in such Core Currency on Exhibit R, and thereafter, such other office, branch or affiliate of such Lender through which it shall be making or maintaining Revolving Loans in such Core Currency, as reported by such Lender to the Administrative Agent and the Parent, (ii) as to the Swing Line Lender, with respect to Swing Line Loans in any Core Currency, initially, the office, branch or affiliate of such Lender designated as the Swing Line Lender's lending office for such Swing Line Loans in such Core Currency on Exhibit R, and thereafter, such other office, branch or affiliate of the Swing Line Lender through which it shall be making or maintaining Swing Line Loans in such Core Currency, as reported by the Swing

Line Lender to the Administrative Agent and the Parent, (iii) as to any Lender, with respect to any Bid Loan, the lending office, branch or affiliate of such Lender designated as such Lender's lending office for such Bid Loan in its Bid for such Bid Loan, (iv) as to any Lender, with respect to Individual Currency Loans in any Non-Core Currency, initially, the office, branch or affiliate of such Lender designated as such Lender's lending office for such Individual Currency Loans in such Non-Core Currency on Exhibit R, and thereafter, such other office, branch or affiliate of such Lender through which it shall be making or maintaining Individual Currency Loans in such Non-Core Currency, as reported by such Lender to the Administrative Agent and the Parent, and (v) as to any Lender, with respect to any Negotiated Rate Loan, the lending office, branch or affiliate of such Lender designated as such Lender's lending office for such Negotiated Loan in the Negotiated Rate Confirmation for such Negotiated Rate Loan.

"Applicable Margin": (i) with respect to the unpaid principal amount of ABR Advances, the applicable percentage set forth below in the column entitled "Applicable Margin for ABR Advances" and (ii) with respect to the unpaid principal amount of Eurodollar Advances, Core Currency Euro Advances and Individual Currency Loans, the applicable percentage set forth below in the column entitled "Applicable Margin for Eurodollar/Core Currency Euro Advances/Individual Currency Loans":

Pricing Level	Applicable Margin for ABR Advances	Applicable Margin for Eurodollar Advances/Core Currency Euro Advances/ Individual Currency Loans
-----	-----	-----
Pricing Level I	0%	0.2000%
Pricing Level II	0%	0.2700%
Pricing Level III	0%	0.2750%
Pricing Level IV	0%	0.4000%
Pricing Level V	0%	0.4000%

"Applicable Payment Office": in the case of:

- (i) the Administrative Agent, (x) in respect of all Loans (other than Alternate Currency Loans), Letters of Credit designated in Dollars, fees and other amounts owing under

this Agreement, the office of the Administrative Agent listed in Exhibit Q as its "Domestic Payment Office", and (y) in respect of Alternate Currency Loans and Letters of Credit designated in Alternate Currencies, the office of the Administrative Agent listed in Exhibit Q as its payment office for the applicable Alternate Currency, or such other office or offices as the Administrative Agent may from time to time hereafter designate in writing as such to the Parent, each Lender and each Borrower;

- (ii) the Swing Line Lender, in respect of each Swing Line Loan, the office of the Swing Line Lender listed in Exhibit R as the payment office for the applicable Core Currency in which such Swing Line Loan is made or such other office or offices as the Swing Line Lender may from time to time hereafter designate in writing as such to the Administrative Agent, the Parent and each Swing Line Borrower;
- (iii) any other Lender, (w) in respect of each Revolving Loan, the office of such Lender listed in Exhibit R as its payment office for the applicable Core Currency or such other office or offices as such Lender may from time to time hereafter designate in writing as such to the Administrative Agent, the Parent and each Borrower, (x) in respect of each Individual Currency Loan, the office of such Lender listed in Exhibit R as its payment office for the applicable Non-Core Currency or such other office or offices as such Lender may from time to time hereafter designate in writing as such to the Administrative Agent, the Parent and each Borrower, (y) in respect of each Bid Loan, the office of such Lender listed in such Lender's Bid for such Bid Loan, and (z) in respect of each Negotiated Rate Loan, the office of such Lender listed in the Negotiated Rate Confirmation for such Negotiated Rate Loan; and
- (iv) the Issuing Bank, in respect of each Letter of Credit, the office of the Issuing Bank listed in Exhibit R as the payment office for the applicable Currency in which such Letter of Credit is issued or such other office or offices as the Issuing Bank may from time to time hereafter designate in writing as such to the Administrative Agent and the Parent.

"Assignment and Acceptance Agreement": an assignment and acceptance agreement executed by an assignor and an assignee pursuant to which the assignor assigns to the assignee all or any portion of such assignor's Loans, Commitment, Individual Currency Commitments and other rights and obligations under the Loan Documents, substantially in the form of Exhibit D.

"Assignment Fee": as defined in Section 11.7(b).

"Australian Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Australia and which shall become a Borrower pursuant to Section 2.23 hereof.

"Australian Dollars": freely transferable lawful money of Australia.

"Availability Percentage": with respect to any Lender at any time, a percentage equal to a fraction (x) the numerator of which is

(A) the Commitment of such Lender, minus

(B) the sum of (I) the aggregate principal amount of all Revolving Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (II) the aggregate principal amount of all Individual Currency Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (III) the SL/LC Credit Exposure of such Lender, and

(y) the denominator of which is

(A) the Aggregate Commitments, minus

(B) the sum of (I) the outstanding principal balance of all Revolving Loans (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (II) the outstanding principal balance of all Individual Currency Loans (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (III) the outstanding principal balance of all Swing Line Loans, plus (IV) the Letter of Credit Exposure.

"Available Alternate Currency": each Alternate Currency except to the extent that the Administrative Agent has given notice to the Parent pursuant to Section 2.14(a) (which notice has not been rescinded by the Administrative Agent) that one or more Alternate Currencies are no longer available

as determined by it in its sole discretion.

"Benefited Lender": as defined in Section 11.9.

"Bid": an offer by a Lender to a Borrower, in the form of Exhibit H, to make a Bid Loan.

"Bid Accept/Reject Letter": a notification made by the applicable Borrower pursuant to Section 2.11 in the form of Exhibit I.

"Bid Interest Period": as to any Bid Loan, the period commencing on the date of such Bid Loan, and ending on the date requested in the Bid Request with respect to such Bid Loan, which shall not be earlier than 7 days after the date of such Bid Loan or later than 180 days after the date of such Bid Loan; provided, however, that (i) if any Bid Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such next succeeding Business Day would be a date on or after the Maturity Date in which case such Interest Period shall end on the next preceding Business Day and (ii) no Borrower shall select a Bid Interest Period which shall end after the Maturity Date.

"Bid Loan": each loan from a Lender to a Borrower pursuant to Section 2.11.

"Bid Loan Confirmation": a confirmation by the Administrative Agent to a Lender of the acceptance by the applicable Borrower of any Bid (or Portion thereof) made by such Lender, substantially in the form of Exhibit J.

"Bid Rate": as defined in Section 2.11(b).

"Bid Request": a request by a Borrower, in the form of Exhibit F, for Bids.

"Bid Submission Deadline": as defined in Section 2.11(b).

"BNY Rate": a rate of interest per annum equal to the rate of interest publicly announced in New York City by BNY from time to time as its prime commercial lending rate, such rate to be adjusted automatically (without notice) on the effective date of any change in such publicly announced rate.

"Borrower Addendum": an Addendum to this Agreement in the form of Exhibit B pursuant to which a Subsidiary of the Parent may become a Subsidiary Borrower pursuant to the provisions of Section 2.23.

"Borrowers": collectively, Tiffany, Tiffany Inter-

national and the Subsidiary Borrowers; each a "Borrower".

"Borrowing Date": (i) in respect of Revolving Loans, any Business Day on which the Lenders shall make Revolving Loans to a Borrower pursuant to a Notice of Borrowing or pursuant to a Mandatory Borrowing, (ii) in respect of Bid Loans, any Business Day on which a Lender shall make a Bid Loan to a Borrower pursuant to a Bid Request, (iii) in respect of Swing Line Loans, any Business Day on which the Swing Line Lender shall make a Swing Line Loan to a Swing Line Borrower pursuant to a Notice of Borrowing, (iv) in respect of Negotiated Rate Loans, any Business Day on which a Lender shall make a Negotiated Rate Loan to a Borrower pursuant to a Negotiated Rate Confirmation, (v) in respect of Individual Currency Loans, any Business Day on which a Lender shall make an Individual Currency Loan to a Borrower pursuant to a Notice of Borrowing, and (vi) in respect of Letters of Credit, any Business Day on which the Issuing Bank issues a Letter of Credit to a Letter of Credit Applicant pursuant to a Letter of Credit Request.

"Borrowing/Issuance Period": as defined in Section 2.7(b)(ii).

"Business Day":

(i) for all purposes (other than as covered by clauses (ii) and (iii) below), any day except Saturday, Sunday or a day which in New York City is a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close,

(ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, a Eurodollar Advance, a Core Currency Euro Advance or an Alternate Currency Swing Line Loan, any day which is a Business Day described in clause (i) above, is a day for trading by and between banks in the London interbank market and which is not a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in the country in which the principal office of the applicable Borrower is located, and

(iii) with respect to all notices and determinations in connection with, and payments of principal and interest on, an Alternate Currency Bid Loan, an Alternate Currency Negotiated Rate Loan, an Individual Currency Loan or a Letter of Credit designated in an Alternate Currency, any day which is a Business Day described in clause (i) above, is a day for trading by and between banks in the London interbank market and which is not a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in the country in which

(x) the principal office of the applicable Borrower is located and (y) the Applicable Lending Office and Applicable Payment Office of the applicable Lender is located.

"Canadian Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Canada and which shall become a Borrower pursuant to Section 2.23 hereof.

"Canadian Dollars": freely transferable lawful money of Canada.

"Change of Control": (i) any "Person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect) is or shall become the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 thereunder), directly or indirectly, of more than 50%, on a fully diluted basis, of the voting and economic interests of the Parent, or (ii) the Board of Directors of the Parent shall cease to consist of a majority of Continuing Directors.

"Code": the Internal Revenue Code of 1986, as the same may be amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect.

"Commitment": with respect to each Lender, the amount set forth opposite such Lender's name in Exhibit A-1 directly below the column entitled "Commitment", as the same may be (x) reduced from time to time pursuant to Section 2.9 or (y) adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 11.7 or increases pursuant to Section 11.1.

"Commitment Percentage": as to any Lender, the percentage set forth opposite the name of such Lender in Exhibit A-1 under the heading "Commitment Percentage", as such percentage may be (x) reduced from time to time pursuant to Section 2.9 or (y) adjusted from time to time as a result of assignments to or from such Lender of its Commitment pursuant to Section 11.7 or increases in the Aggregate Commitments pursuant to Section 11.1.

"Commitment Period": the period from the Effective Date until the Expiration Date.

"Compliance Certificate": a certificate in the form of Exhibit M.

"Consolidated": the Parent and its Subsidiaries on

a consolidated basis in accordance with GAAP.

"Consolidated Capitalization": as of any date, total stockholder's equity of the Parent and its Subsidiaries on a Consolidated basis on such date (without giving effect to foreign currency translation adjustments, except to the extent such adjustments are in excess of \$10,000,000 (whether positive or negative)) plus Total Debt on such date.

"Contingent Obligation": as to any Person (the "secondary obligor"), any obligation of such secondary obligor (a) guaranteeing or in effect guaranteeing any return on any Investment made by another Person, or (b) guaranteeing or in effect guaranteeing any Indebtedness, lease, dividend or other obligation ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such secondary obligor, whether contingent, (i) to purchase any such primary obligation or any Property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase Property, securities or services primarily for the purpose of assuring the beneficiary of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, (iv) otherwise to assure or hold harmless the beneficiary of such primary obligation against loss in respect thereof, and (v) in respect of the Indebtedness of any partnership in which such secondary obligor is a general partner, except to the extent that such Indebtedness of such partnership is nonrecourse to such secondary obligor and its separate Property; provided, however, that the term "Contingent Obligation" shall not include (i) the indorsement of instruments for deposit or collection in the ordinary course of business and (ii) guaranties by the Parent or any Subsidiary of the Parent of the primary obligations of any other Subsidiary of the Parent incurred in the ordinary course of business of such other Subsidiary; and provided, further, that the amount of any such Contingent Obligation shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of such primary obligation and (b) the maximum amount for which such secondary obligor may be liable pursuant to the terms of the agreement embodying such Contingent Obligation unless such primary obligation and the maximum amount for which such secondary obligor may be liable are not stated or determinable, in which case the amount of such Contingent Obligation shall be such secondary obligor's maximum reasonably anticipated liability in respect thereof as determined by such secondary obligor in good faith.

"Continuing Directors": the directors of the

Parent on the Effective Date and each other director, if such director's nomination for election to the Board of Directors of the Parent is recommended by a majority of the then Continuing Directors.

"Conversion Date": the date on which (i) a Eurodollar Advance is converted to an ABR Advance, (ii) the date on which an ABR Advance is converted to a Eurodollar Advance, (iii) the date on which a Eurodollar Advance is converted to a new Eurodollar Advance and (iv) the date on which a Core Currency Euro Advance is converted to a new Core Currency Euro Advance.

"Core Currencies": Dollars, French Francs, German Marks, Japanese Yen and Sterling Pounds (each, a "Core Currency"), and such other currencies as shall be requested by the Parent to be a Core Currency hereunder subject to the approval of all of the Lenders in their sole and absolute discretion.

"Core Currency Borrowers": with respect to Revolving Loans, the Domestic Borrowers, the German Borrower, the French Borrower, the Japanese Borrower and the Sterling Borrower; each a "Core Currency Borrower".

"Core Currency Euro Advances": collectively, the Revolving Loans (or any portions thereof) at such time as they (or such portions) are maintained and/or being maintained in a Core Currency (other than Dollars) at a rate of interest based upon a Core Currency Euro Rate; each a "Core Currency Euro Advance".

"Core Currency Euro Rate": with respect to each day during each Interest Period applicable to any Core Currency Euro Advance, a rate of interest per annum determined by dividing (and then rounding to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, then to the next higher 1/16 of 1%):

(a) (i) the rate per annum that appears on page 3740 or 3750 of the Dow Jones Telerate Screen (or any successor page) for deposits of the applicable Core Currency with a maturity comparable to such Interest Period, determined as of 11:00 A.M. (London time) (x) on the date which is two Business Days prior to the commencement of such Interest Period, in the case of a Core Currency (other than Sterling Pounds) and (y) on the date of the commencement of such Interest Period, in the case of Sterling Pounds or, if such rate does not appear on page 3740 or 3750 of the Dow Jones Telerate Screen (or any successor page) or (ii) the rate per annum equal to the offered quotation notified to the Administrative Agent by the Reference Lender as the offered quotation by first class banks in the London interbank market to the Reference Lender for such Core Currency deposits of

amounts in immediately available funds comparable to the principal amount of such Core Currency Euro Advance of the Reference Lender with a maturity comparable to such Interest Period determined as of 11:00 A.M. (London time) (x) on the date which is two Business Days prior to the commencement of such Interest Period, in the case of a Core Currency (other than Sterling Pounds) and (y) on the date of the commencement of such Interest Period, in the case of Sterling Pounds, by

(b) a number equal to 1.00 minus the aggregate of the stated maximum rates in effect on such day (without duplication) of all reserve requirements (including marginal, emergency, supplemental and special reserves) and similar charges, expressed as a decimal, established by any Governmental Authority, including those established by the Board of Governors of the Federal Reserve System and any other banking authority to which BNY and other major United States money center banks are subject in respect of eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board of Governors of the Federal Reserve System) maintained by a member of the Federal Reserve System with deposits exceeding \$1 billion in respect of eurodollar currency funding liabilities, to the extent Applicable;

provided, in the event that the Administrative Agent has made any determination pursuant to Section 2.14(a)(i) in respect of such Core Currency Euro Advance, the Core Currency Euro Rate determined pursuant to clause (a) of this definition shall instead be the rate reported to the Administrative Agent by the Reference Lender as the rate based on the all-in cost of funds of the Reference Lender to fund such Core Currency Euro Advance with a maturity comparable to such Interest Period.

"Credit Exposure": with respect to any Lender at any time, the sum of (i) the outstanding principal balance of all Loans (other than Swing Line Loans) then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Loan), plus (ii) the SL/LC Credit Exposure of such Lender at such time.

"Credit Party": with respect to any Loan Document, any Person (other than the Administrative Agent, the Issuing Bank, the Swing Line Lender or any Lender) which, in accordance with the terms of such Loan Document, is or is to be a party thereto.

"Currency": any Core Currency or Non-Core Currency.

"Default": any of the events specified in Section 9.1, whether or not any requirement for the giving of notice, the lapse of time, or any other condition, has been satisfied.

"Disposition": with respect to any Person, any sale, assignment, transfer or other disposition by such Person, by any means, of

- (a) the Stock of, or other equity interests of, any other Person,
- (b) any business, operating entity, division or segment thereof, or
- (c) any other Property of such Person, other than sales of inventory (other than in connection with bulk transfers).

"Dollar Bid Loan": a Bid Loan denominated in Dollars.

"Dollar Equivalent": on any date of determination thereof, the amount of Dollars which could be purchased with the amount of the relevant Alternate Currency involved in such computation at the spot rate at which Dollars may be exchanged into such Alternate Currency as set forth on such date on (i) Reuters pages MGTY, MGTX, SCNY or BNMJ or (ii) Dow Jones Telerate pages 262, 264, 265, 266 or 9993 (or any successor pages) or, if such rate does not appear on such pages, at the spot exchange rate therefor as determined by the Administrative Agent as of 11:00 A.M. (London time) on such date of determination thereof for delivery (x) in the case of an exchange of Dollars into Canadian Dollars, one Business Day later and (y) in all other cases, two Business Days later. In the event that, on any date of determination, a spot rate for an individual Alternate Currency appears on both a page of Reuters set forth above and a page of Dow Jones Telerate set forth above, the Dollar Equivalent of such Alternate Currency shall be the arithmetic mean of such spot rates.

"Dollar Loan": each Dollar Revolving Loan, Dollar Bid Loan, Dollar Negotiated Rate Loan and Dollar Swing Line Loan.

"Dollar Negotiated Rate Loan": a Negotiated Rate Loan denominated in Dollars.

"Dollar Reimbursement Amount": as defined in Section 2.19(d).

"Dollar Revolving Loan" and "Dollar Revolving Loans": as defined in Section 2.1(b).

"Dollar Swing Line Loan" and "Dollar Swing Line Loans": as defined in Section 2.1(c).

"Dollars": and "\$": freely transferable lawful

money of the United States.

"Domestic Borrowers": Tiffany, Tiffany International and each other Borrower which is a corporation organized under the laws of the United States or any State thereof and which has its principal place of business in the United States; each a "Domestic Borrower".

"EBIT": for any period, the net income of the Parent and its Subsidiaries on a Consolidated basis for such period plus each of the following with respect to the Parent and its Subsidiaries on a Consolidated basis to the extent utilized in determining such net income: (a) Interest Expense and (b) provision for taxes.

"Effective Date": June 30, 1995.

"Employee Benefit Plan": an employee benefit plan within the meaning of Section 3(3) of ERISA maintained, sponsored or contributed to by the Parent, any of its Subsidiaries or any ERISA Affiliate.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect.

"ERISA Affiliate": when used with respect to an Employee Benefit Plan, ERISA, the PBGC or a provision of the Code pertaining to employee benefit plans, any Person that is a member of any group of organizations within the meaning of Sections 414(b) or (c) of the Code or, solely with respect to applicable provisions of the Code, Sections 414(m) or (o) of the Code, of which the Parent or any of its Subsidiaries is a member.

"Euro Interest Period": with respect to any Eurodollar Advance or Core Currency Euro Advance requested by any Borrower, the period commencing on, as the case may be, the Borrowing Date or Conversion Date with respect to such Advance and ending one, two, three or six months thereafter, as selected by such Borrower in its irrevocable Notice of Borrowing or its irrevocable Notice of Conversion, provided, however, that (i) if any Euro Interest Period would otherwise end on a day which is not a Business Day, such Euro Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Euro Interest Period into another calendar month, in which event such Euro Interest Period shall end on the immediately preceding Business Day, (ii) any Euro Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Euro Interest Period) shall end on the last Business Day of a calendar month, and

(iii) no Borrower shall select a Euro Interest Period which shall end after the Maturity Date.

"Eurodollar Advances": collectively, the Revolving Loans (or any portions thereof) at such time as they (or such portions) are made and/or being maintained at a rate of interest based upon a Eurodollar Rate; each a "Eurodollar Advance".

"Eurodollar Rate": with respect to each day during each Interest Period applicable to any Eurodollar Advance, a rate of interest per annum determined by dividing (and then rounding to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, then to the next higher 1/16 of 1%):

(a) the rate per annum equal to the rate notified to the Administrative Agent by the Reference Lender as the rate at which the Reference Lender is offered Dollar deposits in the New York interbank market, for delivery on the first day of such Interest Period, in an amount equal approximately to such Eurodollar Advance for a period equal to such Interest Period, as quoted at approximately 11:00 A.M. two Business Days prior to the first day of such Interest Period, by

(b) a number equal to 1.00 minus the aggregate of the stated maximum rates in effect on such day (without duplication) of all reserve requirements (including marginal, emergency, supplemental and special reserves), expressed as a decimal, established by the Board of Governors of the Federal Reserve System and any other banking authority to which BNY and other major United States money center banks are subject, in respect of eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board of Governors of the Federal Reserve System) maintained by a member of the Federal Reserve System with deposits exceeding \$1 billion in respect of eurodollar currency funding liabilities.

"Event of Default": any of the events specified in Section 9.1, provided that any requirement for the giving of notice, the lapse of time, or any other condition has been satisfied.

"Excess Tax": as defined in Section 2.13(g).

"Expiration Date": the Business Day immediately preceding the Maturity Date.

"Facility Fee": as defined in Section 3.1.

"Federal Funds Rate": for any day, a rate per annum (expressed as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1%), 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 by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day which is a Business Day, the Federal Funds Rate for such day shall be the average of the three rates quoted by federal funds brokers to BNY on such day on such transactions received by BNY as determined by BNY and reported to the Administrative Agent.

"Financial Officer": the chief financial officer, the treasurer or the assistant treasurer of the Parent or such other officer thereof as shall be reasonably satisfactory to the Administrative Agent.

"Financial Statements": as defined in Section 4.15.

"Fixed Rate Loan": a Eurodollar Advance, a Core Currency Euro Advance, a Swing Line Negotiated Rate Advance, a Negotiated Rate Loan, an Individual Currency Loan or a Bid Loan.

"Foreign Pension Plan": any plan, fund (including any superannuation fund) or other similar program established or maintained outside of the United States by the Parent or any one or more of its Subsidiaries primarily for the benefit of employees of the Parent or such Subsidiaries residing outside of the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"French Borrower": one or more of the following: Tiffany, Tiffany International or Societe Francaise Pour Le Developpement De La Porcelaine D'Art (S.A.R.L.), a corporation organized under the laws of France and whose principal office is located in France.

"French Francs": freely transferable lawful money of France.

"Funded Current Liability Percentage": as defined in Section 401(a)(29) of the Code.

"GAAP": generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and in the statements and

pronouncements of the Financial Accounting Standards Board or in such other statement by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination. If at any time after the Effective Date any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Required Lenders, the Parent or the appropriate Borrowers shall so request, the Administrative Agent, the Lenders, the Parent and such Borrowers shall negotiate in good faith to amend such ratio or requirement to reflect such change in GAAP (subject to the approval of the Required Lenders), provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Parent and such Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under the Loan Documents or as reasonably requested thereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

"German Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Germany and which shall become a Borrower pursuant to Section 2.23 hereof.

"German Marks": freely transferable lawful money of Germany.

"Governmental Authority": any foreign, federal, state, municipal or other government, or any department, commission, board, bureau, agency, public authority, instrumentality or other political subdivision thereof, any central bank, or any court or arbitrator.

"Guaranty": as defined in Section 5.2.

"Hong Kong Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany & Co. of New York Limited, a corporation organized under the laws of Hong Kong and whose principal office is located in Hong Kong.

"Hong Kong Dollars": freely transferable lawful money of Hong Kong.

"Indebtedness": as to any Person, at a particular time, all items of such Person which constitute, without duplication, (a) indebtedness for borrowed money or the deferred purchase price of Property (other than trade payables and accrued expenses incurred in the ordinary course of business), (b) indebtedness evidenced by notes, bonds, debentures or similar instruments, (c) obligations with

respect to any conditional sale or other title retention agreement, (d) indebtedness arising under acceptance facilities and the amount available to be drawn under all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder to the extent such Person shall not have reimbursed the issuer in respect of the issuer's payment of such drafts, (e) liabilities secured by any Lien on any Property owned by such Person even though such Person shall not have assumed or otherwise become liable for the payment thereof (other than carriers', warehousemen's, mechanics', repairmen's or other like non-consensual Liens arising in the ordinary course of business), (f) that portion of any obligation of such Person, as lessee, which in accordance with GAAP is required to be capitalized on the balance sheet of such Person, and (g) Contingent Obligations.

"Indemnified Person": as defined in Section 11.10.

"Indemnified Tax": as to any Person, any Tax, except (i) a Tax on the Income imposed on such Person and (ii) any interest, fees or penalties for late payment imposed on such Person, in each case under clauses (i) and (ii) to the extent not attributable to the failure of the Parent or any of its Subsidiaries to obtain any necessary approvals or consents of, or file or cause to be filed any reports, applications, documents, instruments or information required to be filed pursuant to any applicable law, rule, regulation or request of, any Governmental Authority.

"Indemnified Tax Person": the Administrative Agent, the Swing Line Lender, the Issuing Bank, or any Lender.

"Individual Currency Commitment": with respect to each Lender and any Non-Core Currency, the amount set forth opposite such Lender's name in Exhibit A-2 directly below the column entitled "Individual Currency Commitment" in respect of such Non-Core Currency (determined on the basis of the Dollar Equivalent for such Non-Core Currency), as the same may be (x) reduced from time to time pursuant to Section 2.9 or (y) adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 11.7, provided, however, that the aggregate amount of all of the Individual Currency Commitments of each Lender (determined on the basis of the Dollar Equivalent for each applicable Non-Core Currency) shall not exceed the amount of such Lender's Commitment.

"Individual Currency Interest Period": with respect to any Individual Currency Loan requested by any Non-Core Currency Borrower, the period commencing on the Borrowing Date with respect to such Individual Currency Loan and ending one, two or three months thereafter, as selected by such Non-

Core Currency Borrower in its irrevocable Notice of Borrowing, provided, however, that (i) if any Individual Currency Interest Period would otherwise end on a day which is not a Business Day, such Individual Currency Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Individual Currency Interest Period into another calendar month, in which event such Individual Currency Interest Period shall end on the immediately preceding Business Day, (ii) any Individual Currency Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Individual Currency Interest Period) shall end on the last Business Day of a calendar month, and (iii) no Borrower shall select an Individual Currency Interest Period which shall end after the Maturity Date.

"Individual Currency Loan" and "Individual Currency Loans": as defined in Section 2.1(e).

"Individual Currency Rate": with respect to each day during each Interest Period applicable to any Individual Currency Loan, a rate of interest per annum determined by dividing (and then rounding to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, then to the next higher 1/16 of 1%):

(a) (i) if such Individual Currency Loan is designated in Australian Dollars, Canadian Dollars, Hong Kong Dollars, Italian Lira, Singaporean Dollars or Swiss Francs,

(A) with respect to Australian Dollars, the average bid rate for bank bills of exchange that appears on page BBSY on the Reuters Screen (Sydney) (or any successor page) for a term equivalent to such Interest Period, determined as of approximately 10:15 A.M. (Sydney time) on the first day of such Interest Period,

(B) with respect to Canadian Dollars, the rate per annum that appears on page CDOR on the Reuters Screen (Toronto) (or any successor page) for deposits of Canadian Dollars with a maturity comparable to such Interest Period, determined as of approximately 11:00 A.M. (Toronto time) on the date which is two Business Days prior to the commencement of such Interest Period,

(C) with respect to Italian Lira, the rate per annum that appears on page RIBO (London) on the Reuters Screen (or any successor page) for deposits of Italian Lira with a maturity comparable to such Interest Period, determined as of approximately

11:00 A.M. (London time) on the date which is two Business Days prior to the commencement of such Interest Period,

(D) with respect to Swiss Francs, the rate per annum that appears on page 3740 or 3750 of the Dow Jones Telerate Screen (or any successor page) for deposits of Swiss Francs with a maturity comparable to such Interest Period, determined as of approximately 11:00 A.M. (London time) on the date which is two Business Days prior to the commencement of such Interest Period,

(E) with respect to Hong Kong Dollars, the rate per annum that appears on page FWEN on the Reuters Screen (Hong Kong) (or any successor page) for deposits of Hong Kong Dollars with a maturity comparable to such Interest Period, determined as of approximately 11:00 A.M. (Hong Kong time) on the date which is two Business Days prior to the commencement of such Interest Period,

(F) with respect to Singaporean Dollars, the rate per annum that appears on page FWE0 of the Reuters Screen (Singapore) (or any successor page) for deposits of Singaporean Dollars with a maturity comparable to such Interest Period, determined as of approximately 11:00 A.M. (Singapore time), on the date which is two Business Days prior to the commencement of such Interest Period, or

(G) if such rate does not appear on such applicable page of the Dow Jones Telerate Screen or Reuters Screen (or any successor page), the rate per annum equal to the offered quotation by first class banks in the London, Australian, Canadian, Hong Kong or Singapore, as the case may be, interbank market to the applicable Lender for such Non-Core Currency deposits of amounts in immediately available funds comparable to the principal amount of such Individual Currency Loan with a maturity comparable to such Interest Period determined as of approximately 11:00 A.M. (London, Sydney, Toronto, Hong Kong or Singapore, as the case may be, time) on the date which is two Business Days prior to the commencement of such Interest Period or, in the case of Individual Currency Loans designated in Australian Dollars, on the first day of such Interest Period,

(ii) if such Individual Currency Loan is designated in any other Non-Core Currency, a rate per annum equal to the offered quotation by first class banks in the applicable interbank market to the applicable Lender for deposits of such

Non-Core Currency in amounts in immediately available funds comparable to the principal amount of such Individual Currency Loan with a maturity comparable to such Interest Period as determined by such Lender on the date which is two Business Days prior to the commencement of such Interest Period, adjusted for additional costs and local market conditions as determined by such Lender, by

(b) a number equal to 1.00 minus the aggregate of the stated maximum rates in effect on such day (without duplication) of all reserve requirements (including marginal, emergency, supplemental and special reserves) and similar charges, expressed as a decimal, established by any Governmental Authority, including those established by the Board of Governors of the Federal Reserve System and any other banking authority to which BNY and other major United States money center banks are subject in respect of eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board of Governors of the Federal Reserve System) maintained by a member of the Federal Reserve System with deposits exceeding \$1 billion in respect of eurodollar currency funding liabilities, to the extent Applicable;

provided, in the event that the applicable Lender has made any determination pursuant to Section 2.14(a)(iv) in respect of such Individual Currency Loan, the Individual Currency Rate determined pursuant to clause (a) of this definition shall instead be the rate based on the all-in cost of funds of the applicable Lender to fund such Individual Currency Loan with a maturity comparable to such Interest Period.

"Intellectual Property": all United States registered trademarks, service marks, patents, and trade names.

"Intercompany Acquisition": an Acquisition by the Parent from any of its Subsidiaries or an Acquisition by any Subsidiary of the Parent from any other Subsidiary of the Parent.

"Intercompany Debt": (i) Indebtedness of the Parent to one or more of the Subsidiaries of the Parent and (ii) demand Indebtedness of one or more of the Subsidiaries of the Parent to the Parent or any one or more of the other Subsidiaries of the Parent.

"Intercompany Disposition": a Disposition by the Parent or any of its Subsidiaries to the Parent or any of its other Subsidiaries, provided that such Disposition does not materially and adversely affect the interests of the Lenders under the Loan Documents.

"Intercompany Lien": A Lien granted by the Parent or any of its Subsidiaries to the Parent or any of its other

Subsidiaries, provided that such Lien does not materially and adversely affect the interests of the Lenders under the Loan Documents.

"Interest Coverage Ratio": as of any date, the ratio of (a) EBIT in respect of the period comprised of the four consecutive fiscal quarters ended immediately prior to such date in respect of which financial statements have been delivered pursuant to Sections 7.7(a), 7.7(c) or 7.7(d) to (b) Interest Expense for such period.

"Interest Expense": for any period, the interest expense of the Parent and its Subsidiaries on a Consolidated basis in respect of such period.

"Interest Period": a Euro Interest Period, a Swing Line Interest Period, a Negotiated Rate Interest Period, an Individual Currency Interest Period or a Bid Interest Period, as the case may be.

"Interest Rate Protection Arrangement": any interest rate swap, cap or collar arrangement or any other derivative product, in each case designed to reduce exposure to interest rate fluctuations.

"Investments": as defined in Section 8.7.

"Invitation to Bid": an invitation to make Bids in the form of Exhibit G.

"Issuing Bank": BNY.

"Italian Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany-Faraone S.P.A., a corporation organized under the laws of Italy and whose principal office is located in Italy.

"Italian Lira": freely transferable lawful money of Italy.

"Japanese Borrower": one or more of the following: Tiffany, Tiffany International, Tiffany Japan or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Japan and which shall become a Borrower pursuant to Section 2.23 hereof.

"Japanese Yen": freely transferable lawful money of Japan.

"Judgment Currency": as defined in Section 11.14.

"Judgment Currency Conversion Date": as defined in Section 11.14.

"Korean Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Korea and which shall become a Borrower pursuant to Section 2.23 hereof.

"Korean Won": freely transferable lawful money of Korea.

"Lender": each financial institution listed on Exhibit A-1, as well as any Person which becomes a "Lender" hereunder pursuant to Sections 11.7 or 11.1; it being understood and agreed, however, that for purposes of making certain Alternate Currency Loans and issuing or participating in certain Letters of Credit under this Agreement, certain of the Lenders have specifically designated on Exhibit R certain of their branches, subsidiaries or affiliates that will be responsible for making such Alternate Currency Loans and issuing or participating in such Letters of Credit, or may make such a designation in an Assignment and Acceptance Agreement entered into by any such Lender.

"Letter of Credit" and "Letters of Credit": as defined in Section 2.19.

"Letter of Credit Applicants": collectively, Tiffany and Tiffany International; each a "Letter of Credit Applicant".

"Letter of Credit Commissions": as defined in Section 3.2.

"Letter of Credit Commitment": (i) the commitment of the Issuing Bank to issue Letters of Credit, provided that the Letter of Credit Exposure shall not exceed \$25,000,000 (determined on the basis of the Dollar Equivalent for each outstanding Letter of Credit designated in an Alternate Currency), and (ii) the commitment of the Lenders in respect of the Letter of Credit Exposure as set forth in Section 2.20.

"Letter of Credit Exposure": at any date, the sum, without duplication, of (i) the aggregate undrawn face amount (determined on the basis of the Dollar Equivalent for each outstanding Letter of Credit designated in an Alternate Currency) of the outstanding Letters of Credit at such date and (ii) the aggregate unpaid reimbursement obligations in respect of the Letters of Credit at such date (after giving effect to any Loans made on such date to pay any such reimbursement obligations and determined on the basis of the Dollar Equivalent for each such reimbursement obligation in respect of an outstanding Letter of Credit designated in an Alternate Currency).

"Letter of Credit Request": a request in the form of Exhibit L.

"Leverage Ratio": as of any date, the ratio of (a) Total Debt on such date, to (b) Consolidated Capitalization as of such date.

"Lien": any mortgage, pledge, assignment, lien, charge, encumbrance or security interest of any kind, or the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Loan": each Revolving Loan, each Individual Currency Loan, each Negotiated Rate Loan, each Bid Loan and each Swing Line Loan.

"Loan Documents": this Agreement and the Guaranty.

"Malaysian Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Malaysia and which shall become a Borrower pursuant to Section 2.23 hereof.

"Malaysian Ringgit": freely transferable lawful money of Malaysia.

"Mandatory Borrowing": as defined in Section 2.1(d).

"Margin Stock": any "margin stock", as said term is defined in Regulation U of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time.

"Material Adverse": with respect to any change or effect, a material adverse change in, or effect on, as the case may be, (i) the financial condition, operations, business, prospects or Property of the Parent and its Subsidiaries taken as a whole, (ii) the ability of the Parent or any Borrower to perform its obligations under any Loan Document, or (iii) the ability of the Administrative Agent, the Issuing Bank, the Swing Line Lender or any Lender to enforce any Loan Document.

"Maturity Date": June 30, 2000, or such earlier date on which the Loans shall become due and payable, whether by acceleration or otherwise.

"Maximum Offer": as defined in Section 2.11(b).

"Maximum Request": as defined in Section 2.11(a).

"Mexican Borrower": one or more of the following:

Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Mexico and which shall become a Borrower pursuant to Section 2.23 hereof.

"Mexican Pesos": freely transferable lawful money of Mexico.

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

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

"Negotiated Rate": as defined in Section 2.12.

"Negotiated Rate Confirmation": as defined in Section 2.12.

"Negotiated Rate Confirmation Request": a request by a Borrower and the Parent, in the form of Exhibit K, for confirmation by a Lender of such Lender's agreement to make a Negotiated Rate Loan to such Borrower pursuant to Section 2.12.

"Negotiated Rate Interest Period": as to any Negotiated Rate Loan, the period commencing on the date of such Negotiated Rate Loan, and ending on the applicable date specified in the Negotiated Rate Confirmation for such Negotiated Rate Loan, which shall not be earlier than 7 days after the date of such Negotiated Rate Loan or later than 180 days after the date of such Negotiated Rate Loan; provided, however, that (i) if any Negotiated Rate Interest Period would end on a day other than a Business Day, such Negotiated Rate Interest Period shall be extended to the next succeeding Business Day, unless such next succeeding Business Day would be a date on or after the Maturity Date in which case such Negotiated Rate Interest Period shall end on the next preceding Business Day and (ii) no Borrower shall select a Negotiated Rate Interest Period which shall end after the Maturity Date.

"Negotiated Rate Loan": each loan from a Lender to a Borrower pursuant to Section 2.12.

"New Taiwan Dollars": freely transferable lawful money of Taiwan.

"Non-Core Currencies": Australian Dollars, Canadian Dollars, Hong Kong Dollars, Italian Lira, Korean Won, Malaysian Ringgit, Mexican Pesos, New Taiwan Dollars, Philippine Pesos, Singaporean Dollars, Swiss Francs and Thai Baht; each a "Non-Core Currency".

"Non-Core Currency Borrowers": with respect to

Individual Currency Loans, the Australian Borrower, the Canadian Borrower, the Hong Kong Borrower, the Italian Borrower, the Korean Borrower, the Malaysian Borrower, the Mexican Borrower, the Philippine Borrower, the Singaporean Borrower, the Swiss Borrower, the Taiwanese Borrower and the Thai Borrower; each a "Non-Core Currency Borrower".

"Non-Issuance Event": as defined in Section 2.19(a).

"Non-Swing Loan Event": as defined in Section 2.1(c).

"Notice of Borrowing": a request for Loans in the form of Exhibit C signed by the Parent and the applicable Borrower.

"Notice of Conversion": a notice substantially in the form of Exhibit E.

"Obligation Currency": as defined in Section 11.14.

"Other Hedging Arrangement": any foreign exchange contract, currency swap arrangement, commodity arrangement or any other similar arrangement, in each case designed to protect against fluctuations of currency values.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA, or any Governmental Authority succeeding to the functions thereof.

"Pension Plan": at any time, any Employee Benefit Plan (including a Multiemployer Plan) subject to Section 302 of ERISA or Section 412 of the Code, the funding requirements of which are, or at any time within the six years immediately preceding the time in question, were in whole or in part, the responsibility of the Parent, any of its Subsidiaries or an ERISA Affiliate.

"Person": any individual, firm, partnership, joint venture, corporation, association, business enterprise, limited liability company, joint stock company, unincorporated association, trust, Governmental Authority or any other entity, whether acting in an individual capacity, and for the purpose of the definition of "ERISA Affiliate", a trade or business.

"Philippine Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, the Philippines and which shall become a Borrower pursuant to Section 2.23 hereof.

"Philippine Pesos": freely transferable lawful money of the Philippines.

"Portion": as defined in Section 2.11(b).

"Pricing Level": any of Pricing Level I, Pricing Level II, Pricing Level III, Pricing Level IV, or Pricing Level V.

"Pricing Level I": any time when the senior unsecured long term debt Rating of the Parent by (x) S&P is A- or higher or (y) Moody's is A3 or higher.

"Pricing Level II": any time when (i) the senior unsecured long term debt Rating of the Parent by (x) S&P is BBB+ or higher or (y) Moody's is Baa1 or higher and (ii) Pricing Level I does not apply.

"Pricing Level III": any time when (i) the senior unsecured long term debt Rating of the Parent by (x) S&P is BBB or higher or (y) Moody's is Baa2 or higher and (ii) neither Pricing Level I nor Pricing Level II applies.

"Pricing Level IV": any time when (i) the senior unsecured long term debt Rating of the Parent by (x) S&P is BBB- or higher or (y) Moody's is Baa3 or higher and (ii) none of Pricing Level I, Pricing Level II or Pricing Level III applies.

"Pricing Level V": any time when (i) the senior unsecured long term debt Rating of the Parent by (x) S&P is BB+ or lower or (y) Moody's is Ba1 or lower and (ii) none of Pricing Level I, Pricing Level II, Pricing Level III or Pricing Level IV applies.

"Prohibited Transaction": with respect to any Pension Plan, (a) any event set forth in Sections 4043(b) (other than a Reportable Event as to which the 30 day notice requirement is waived by the PBGC under applicable regulations), 4062(e) or 4063(a) of ERISA or the regulations thereunder, (b) an event requiring the Parent, any of its Subsidiaries or any ERISA Affiliate to provide security to a Pension Plan under Section 401(a)(29) of the Code, or (c) failure to make any payment required by Section 412(m) of the Code.

"Property": in respect of any Person, all types of real, personal, tangible, intangible or mixed property and all types of tangible or intangible property owned or leased by such Person.

"Proportionate Share": as to any Subsidiary Borrower (a) if such cost, expense or other amount is directly attributable to the Loans made to such Subsidiary Borrower or

any action taken or omitted to be taken by such Subsidiary Borrower, 100% of such amount and (b) if such cost, expense or other amount is not directly attributable to one or more specific Borrowers, such amount multiplied by (i) if Loans are outstanding, the percentage equivalent of a fraction the numerator of which is the principal amount of Loans outstanding to such Subsidiary Borrower and the denominator of which is the aggregate amount of Loans outstanding to all Borrowers and (ii) if no Loans are outstanding, the percentage equivalent of a fraction the numerator of which is one and the denominator of which is the number of Borrowers.

"Proposed Lender": as defined in Section 11.1(b).

"Quarterly Payment Date": each January 31, April 30, July 31 and October 31 of each year.

"Rating": the actual, or if no actual then the implied, senior unsecured long term debt rating of the Parent, in either case as assigned by S&P or Moody's, as the case may be.

"Reference Lender": BNY.

"Regulation D": Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Reportable Event": with respect to any Pension Plan, (a) any event set forth in Sections 4043(c) (other than a Reportable Event as to which the 30 day notice requirement is waived by the PBGC under applicable regulations), 4062(e) or 4063(a) of ERISA or the regulations thereunder, (b) an event requiring the Parent, any of its Subsidiaries or any ERISA Affiliate to provide security to a Pension Plan under Section 401(a)(29) of the Code, or (c) failure to make any payment required by Section 412(m) of the Code.

"Required Lenders": (i) at any time when no Loans are outstanding, Lenders having Commitments or, if no Commitments then exist, Lenders having Commitments on the last day on which Commitments did exist, equal to at least 60% of the Aggregate Commitments, and (ii) at any time when Loans are outstanding (x) if the Commitments then exist, Lenders having Commitments equal to at least 60% of the Aggregate Commitments, and (y) if the Commitments have been terminated or otherwise no longer exist, Lenders having Credit Exposures equal to at least 60% of the Aggregate Credit Exposure.

"Required Payment": as defined in Section 2.13(a).

"Responsible Officer": the president, the chief

financial officer, the treasurer or the assistant treasurer of the Parent, Tiffany or Tiffany International.

"Restricted Payment": with respect to any Person, any of the following, whether direct or indirect: (a) the declaration or payment by such Person of any dividend or distribution on any class of Stock of such Person, other than a dividend payable solely in shares of that class of Stock to the holders of such class, (b) the declaration or payment by such Person of any distribution on any other type or class of equity interest or equity investment in such Person, and (c) any redemption, retirement, purchase or acquisition of, or sinking fund or other similar payment in respect of, any class of Stock of, or other type or class of equity interest or equity investment in, such Person.

"Revolving Loan" and "Revolving Loans": as defined in Section 2.1(a).

"S&P": Standard & Poor's Ratings Group.

"SEC": the Securities and Exchange Commission or any Governmental Authority succeeding to the functions thereof.

"Singaporean Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany & Co. Pte. Ltd., a corporation organized under the laws of Singapore and whose principal office is located in Singapore.

"Singaporean Dollars": freely transferable lawful money of Singapore.

"SL/LC Credit Exposure": with respect to any Lender at any time, (i) the sum of (A) the outstanding principal balance of all Swing Line Loans (determined on the basis of the Dollar Equivalent for each Alternate Currency Swing Line Loan), plus (B) the Letter of Credit Exposure, multiplied by (ii) the Availability Percentage of such Lender.

"Special Counsel": Emmet, Marvin & Martin, LLP, special counsel to the Administrative Agent.

"Sterling Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany & Co., a corporation organized under the laws of the United Kingdom and whose principal office is located in the United Kingdom.

"Sterling Pounds": freely transferable lawful money of the United Kingdom.

"Stock": any and all shares, rights, interests, participations, warrants, options, rights of conversion or other equivalents (however designated) of corporate stock.

"Subsidiary": with respect to any Person at any time and from time to time, any corporation, association, partnership, limited liability company, joint venture or other business entity of which such Person and/or any Subsidiary of such Person, directly or indirectly at such time, either (a) in respect of a corporation, owns or controls more than 50% of the outstanding Stock having ordinary voting power to elect a majority of the board of directors or similar managing body, irrespective of whether a class or classes shall or might have voting power by reason of the happening of any contingency, or (b) in respect of an association, partnership, limited liability company, joint venture or other business entity, is entitled to share in more than 50% of the profits and losses, however determined.

"Subsidiary Borrowers": collectively, the Domestic Borrowers (other than Tiffany and Tiffany International), the Australian Borrower, the Canadian Borrower, the French Borrower, the German Borrower, the Hong Kong Borrower, the Italian Borrower, the Japanese Borrower, the Korean Borrower, the Malaysian Borrower, the Mexican Borrower, the Philippine Borrower, the Singaporean Borrower, the Sterling Borrower, the Swiss Borrower, the Taiwanese Borrower and the Thai Borrower which are signatories hereto on the Effective Date, and each other wholly-owned Subsidiary of the Parent which becomes a party to this Agreement by the execution of a Borrower Addendum pursuant to Section 2.23; each a "Subsidiary Borrower".

"Swing Line Borrowers": with respect to Swing Line Loans, the Domestic Borrowers, the French Borrower, the German Borrower, the Japanese Borrower and the Sterling Borrower; each a "Swing Line Borrower".

"Swing Line Commitment": an amount equal to \$15,000,000, as the same may be reduced from time to time pursuant to Section 2.9.

"Swing Line Commitment Period": the period from the Effective Date to, but excluding, the Swing Line Termination Date.

"Swing Line Interest Period": (i) as to any Swing Line Negotiated Rate Advance, the period commencing on the date of such Swing Line Negotiated Rate Advance and ending on the date agreed to between the Parent, the applicable Swing Line Borrower and the Swing Line Lender with respect to such Swing Line Negotiated Rate Advance, and (ii) as to any Swing Line Loan made as an ABR Advance, the period commencing on the date of such ABR Advance and ending on the date set forth by the Parent and the applicable Swing Line Borrower in the Notice of Borrowing with respect to such ABR Advance; provided, however, that the last day of any Swing Line Interest Period shall not be earlier than one day after the

date of such Swing Line Negotiated Rate Advance or ABR Advance, as the case may be, or later than 30 days after the date of such Swing Line Negotiated Rate Advance or ABR Advance, as the case may be, and in no event later than 30 days prior to the Expiration Date; and provided further, however, that if any Swing Line Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day.

"Swing Line Lender": BNY.

"Swing Line Loan" and "Swing Line Loans": as defined in Section 2.1(c).

"Swing Line Negotiated Rate": with respect to any Swing Line Interest Period applicable to any Swing Line Negotiated Rate Advance, the rate of interest per annum agreed to by the Parent, the applicable Swing Line Borrower, and the Swing Line Lender with respect thereto in accordance with Section 2.3(b).

"Swing Line Negotiated Rate Advances": collectively, the Swing Line Loans (or any portions thereof) at such time as they (or such portions) are made and/or being maintained at a rate of interest based on a Swing Line Negotiated Rate; each a "Swing Line Negotiated Rate Advance".

"Swing Line Termination Date": the date which is 30 days prior to the Expiration Date.

"Swiss Borrower": one or more of the following: Tiffany, Tiffany International or Tiffany & Co. Watch Factory S.A., a corporation organized under the laws of Switzerland and whose principal office is located in Switzerland.

"Swiss Francs": freely transferable lawful money of Switzerland.

"Taiwanese Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Taiwan and which shall become a Borrower pursuant to Section 2.23 hereof.

"Tax": any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature and whatever called, by a Governmental Authority, on whomsoever and wherever imposed, levied, collected, withheld or assessed.

"Tax on the Income": as to any Person, a Tax imposed by one of the following jurisdictions or by any political subdivision or taxing authority thereof: (i) the United States, (ii) the jurisdiction in which such Person is

organized, (iii) the jurisdiction in which such Person's principal office is located, or (iv) in the case of each Lender or Swingline Lender, any jurisdiction in which such Person is deemed to be doing business; which Tax is an income tax or franchise tax imposed on all or part of the net income or net profits of such Person or which Tax represents interest, fees, or penalties for late payment of such an income tax or franchise tax.

"Termination Event": with respect to any Pension Plan, (a) a Reportable Event, (b) the termination of a Pension Plan under Section 4041(c) of ERISA, or the filing of a notice of intent to terminate a Pension Plan under Section 4041(c) of ERISA, or the treatment of a Pension Plan amendment as a termination under Section 4041(e) of ERISA, (c) the institution of proceedings by the PBGC to terminate a Pension Plan under Section 4042 of ERISA, or (d) the appointment of a trustee to administer any Pension Plan under Section 4042 of ERISA.

"Thai Borrower": one or more of the following: Tiffany, Tiffany International or a wholly-owned Subsidiary of the Parent which is organized under the laws of, and has its principal office in, Thailand and which shall become a Borrower pursuant to Section 2.23 hereof.

"Thai Baht": freely transferable lawful money of Thailand.

"Tiffany Japan": Tiffany & Co. Japan Inc., a Delaware corporation.

"Total Debt": as of any date, all Indebtedness of the Parent and its Subsidiaries on a Consolidated basis on such date.

"Unfunded Pension Liabilities": with respect to any Pension Plan (other than a Multiemployer Plan), as of the last day of the fiscal year of such Pension Plan preceding the time in question, the amount determined by taking the accumulated benefit obligation, as disclosed in accordance with Statement of Accounting Standards No. 87, "Employers' Accounting for Pensions", over the fair market value of Pension Plan assets.

"United States": the United States of America (including the States thereof and the District of Columbia).

"Upstream Dividends": as defined in Section 8.9.

"Unrecognized Retiree Welfare Liability": with respect to any Employee Benefit Plan that provides postretirement benefits other than pension benefits, the amount of the transition obligation, as determined in ac-

cordance with Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," as of the most recent valuation date, that has not been recognized as an expense in the income statement of the Parent and its Consolidated Subsidiaries, provided that (i) prior to the date such Statement is applicable to the Parent, such amount shall be based on an estimate made in good faith of the transition obligation, and (ii) for purposes of determining the aggregate amount of the Unrecognized Retiree Welfare Liability, Plans maintained by a Consolidated Subsidiary of the Parent that is not otherwise an ERISA Affiliate shall be included.

B. Principles of Construction

(a) All capitalized terms defined in this Agreement shall have the meanings given such capitalized terms herein when used in the other Loan Documents or any certificate, opinion or other document made or delivered pursuant hereto or thereto, unless otherwise expressly provided therein.

(b) As used in the Loan Documents and in any certificate, opinion or other document made or delivered pursuant thereto, accounting terms not defined in Section 1.1, and accounting terms partly defined in Section 1.1 to the extent not defined, shall have the respective meanings given to them under GAAP. Unless otherwise expressly provided herein, the word "fiscal" when used herein shall refer to the relevant fiscal period of the Parent.

(c) The words "hereof", "herein", "hereto" and "hereunder" and similar words when used in each Loan Document shall refer to such Loan Document as a whole and not to any particular provision of such Loan Document, and Section, schedule and exhibit references contained therein shall refer to Sections thereof or schedules or exhibits thereto unless otherwise expressly provided therein.

(d) All references herein to a time of day shall mean the then applicable time in New York, New York, unless otherwise expressly provided herein.

(e) Section headings have been inserted herein and in the other Loan Documents for convenience only and shall not be construed to be a part hereof or thereof. Unless the context otherwise requires, words in the singular number include the plural, and words in the plural include the singular.

(f) Whenever in any Loan Document or in any certificate or other document made or delivered pursuant thereto, the terms thereof require that a Person sign or execute the same or refer to the same as having been so

signed or executed, such terms shall mean that the same shall be, or was, duly signed or executed by (i) in respect of any Person that is a corporation, any duly authorized officer thereof, and (ii) in respect of any other Person (other than an individual), any analogous counterpart thereof.

(g) The words "include" and "including", when used in each Loan Document, shall mean that the same shall be included "without limitation", unless otherwise specifically provided.

II. AMOUNT AND TERMS OF LOANS AND LETTERS OF CREDIT

A. Loans

(a) Subject to the terms and conditions hereof, each Lender severally agrees from time to time during the Commitment Period to make revolving credit loans to one or more of the Core Currency Borrowers in the respective Applicable Currencies (each a "Revolving Loan" and, as the context may require, collectively with all other Revolving Loans of such Lender and with the Revolving Loans of all other Lenders, the "Revolving Loans"), provided, however, that immediately after giving effect thereto, (i) the Aggregate Credit Exposure shall not exceed the Aggregate Commitments, and (ii) with respect to each Lender, (I) the aggregate principal amount of all Revolving Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (II) the aggregate principal amount of all Individual Currency Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (III) the SL/LC Credit Exposure of such Lender, shall not exceed such Lender's Commitment. During the Commitment Period, the Core Currency Borrowers may borrow, prepay in whole or in part and reborrow Revolving Loans under the Aggregate Commitments, all in accordance with the terms and conditions of this Agreement.

(b) Subject to the terms and conditions hereof, Revolving Loans, (i) if to be made in Dollars (each a "Dollar Revolving Loan" and, collectively, the "Dollar Revolving Loans"), shall be made to one or more Domestic Borrowers and shall, at the option of such Domestic Borrowers, be either ABR Advances or Eurodollar Advances, (ii) if to be made in French Francs, shall be made to the French Borrower, (iii) if to be made in German Marks, shall be made to the German Borrower, (iv) if to be made in Japanese Yen, shall be made to the Japanese Borrower, and (v) if to be made in Sterling Pounds, shall be made to the Sterling Borrower. The Revolving Loans, together with all accrued and unpaid interest thereon, shall mature and be due and payable in the Ap-

plicable Currency on the Maturity Date.

(c) Subject to and upon the terms and conditions set forth herein, the Swing Line Lender in its individual capacity agrees to make at any time and from time to time during the Swing Line Commitment Period, a loan or loans (each a "Swing Line Loan" and, collectively, the "Swing Line Loans") to one or more of the Swing Line Borrowers, which Swing Line Loans (i) shall, at the option of the applicable Swing Line Borrower, be made and maintained as Dollar Swing Line Loans or Alternate Currency Swing Line Loans in an Available Alternate Currency, (ii) may be repaid and reborrowed in accordance with the provisions hereof, (iii) shall not, immediately after giving effect thereto, result in the Aggregate Credit Exposure exceeding the Aggregate Commitments, and (iv) shall not, immediately after giving effect thereto, result in the aggregate outstanding principal amount of all Swing Line Loans (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Swing Line Loan) exceeding the Swing Line Commitment. The Swing Line Lender shall not be obligated to make any Swing Line Loans at a time when any Lender (other than the Swing Line Lender) shall be in default of its obligations under this Agreement unless the Swing Line Lender has entered into arrangements satisfactory to it and the Parent to eliminate the Swing Line Lender's risk with respect to each defaulting Lender's participation in such Swing Line Loans. The Swing Line Lender will not make a Swing Line Loan (i) if the Administrative Agent or any Lender by notice to the Swing Line Lender, the Parent and the affected Swing Line Borrower prior to the time such Swing Line Loan is to be made, shall have determined that any of the applicable conditions set forth in Sections 5 and 6 have not been satisfied and such conditions remain unsatisfied as of the requested time of making such Swing Line Loan or (ii) to the extent that immediately after giving effect thereto the Aggregate Credit Exposure would exceed the Aggregate Commitments (each a "Non-Swing Loan Event"). Swing Line Loans shall mature and be due and payable on the earlier of, with respect to each Swing Line Negotiated Rate Advance and Swing Line Loan maintained as an ABR Advance, (x) the last day of the Swing Line Interest Period applicable thereto and (y) the Maturity Date. Subject to the terms and conditions hereof, Swing Line Loans, (i) if to be made in Dollars (each a "Dollar Swing Line Loan" and, collectively, the "Dollar Swing Line Loans"), shall be made to one or more Domestic Borrowers and shall be ABR Advances, (ii) if to be made in French Francs, shall be made to the French Borrower, (iii) if to be made in German Marks, shall be made to the German Borrower, (iv) if to be made in Japanese Yen, shall be made to the Japanese Borrower, and (v) if to be made in Sterling Pounds, shall be made to the Sterling Borrower.

(d) On any Business Day, the Swing Line Lender may, in its sole discretion, give notice to the Lenders and

the Parent (on behalf of all Swing Line Borrowers) that its outstanding Swing Line Loans shall be funded with a borrowing of Revolving Loans (provided that such notice shall be deemed to have been automatically given upon the occurrence of a Default or an Event of Default under Sections 9.1(g) or (h)), in which case one or more borrowings of Revolving Loans constituting ABR Advances (or constituting one or more Eurodollar Advances specified by the Parent in accordance with Section 2.3(a)) or Alternate Currency Revolving Loans with a one month Euro Interest Period (or such other Euro Interest Period(s) specified by the Parent in accordance with Section 2.3(a)) in the Applicable Currency, as the case may be (each such borrowing a "Mandatory Borrowing"), shall be made on the fifth Business Day immediately succeeding such notice by all Lenders pro rata based on each such Lender's Availability Percentage immediately prior thereto but after giving effect to any prepayment of Revolving Loans, Individual Currency Loans, or Swing Line Loans, or any payment of reimbursement obligations in respect of the Letters of Credit, to be made simultaneously therewith, and the proceeds thereof shall be applied directly to the Swing Line Lender to repay the Swing Line Lender for such outstanding Swing Line Loans. Each Lender hereby irrevocably agrees to make Revolving Loans in Dollars or the Applicable Currency, as the case may be, pursuant to each Mandatory Borrowing in respect of any Swing Line Loan in the amount and in the manner specified in the preceding sentence and on the date specified in writing by the Swing Line Lender notwithstanding (i) the amount of the Mandatory Borrowing may not comply with the minimum amount for Loans otherwise required hereunder, (ii) whether any conditions specified in Sections 5 and 6 are then satisfied, (iii) whether a Default or an Event of Default then exists, (iv) the date of such Mandatory Borrowing, (v) the aggregate principal amount of all Loans then outstanding (determined on the basis of the Dollar Equivalent of each outstanding Alternate Currency Loan), (vi) the Aggregate Credit Exposure at such time and (vii) the amount of the Aggregate Commitments at such time, provided that no Non-Swing Loan Event shall have occurred and be continuing with respect to such Swing Line Loan. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including as a result of the commencement of any proceeding referred to in Sections 9.1(g) or (h)) then each Lender hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Parent or the applicable Swing Line Borrower on or after such date and prior to such purchase) from the Swing Line Lender such assignments in each outstanding Swing Line Loan as shall be necessary to cause the Lenders to share in each such Swing Line Loan ratably based upon their respective Availability Percentages at such time, provided that no Non-Swing Loan Event shall have occurred and be continuing with respect to such Swing Line Loan, and provided further

that all interest payable on each such Swing Line Loan shall be for the account of the Swing Line Lender until the date as of which the respective assignment therein is purchased and, to the extent attributable to the purchased assignment, shall be payable to the relevant Lender from and after such date. Each Lender agrees promptly to indemnify the Swing Line Lender for any costs or expenses the Swing Line Lender may incur as a result of the failure of such Lender to fulfill its obligations under this Section 2.1(d).

(e) Subject to the terms and conditions hereof, each Lender in its individual capacity agrees to make at any time and from time to time during the Commitment Period a loan or loans under one or more of its Individual Currency Commitments (each an "Individual Currency Loan" and, as the context may require, collectively with all other Individual Currency Loans of such Lender and, as the context may require, with the Individual Currency Loans of all other Lenders, the "Individual Currency Loans") to one or more of the applicable Non-Core Currency Borrowers in the respective Applicable Currencies, provided, however, that immediately after giving effect thereto:

(i) the Aggregate Credit Exposure shall not exceed the Aggregate Commitments,

(ii) the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies shall not exceed \$60,000,000,

(iii) with respect to any Applicable Currency, (x) the aggregate principal amount of the Individual Currency Loans of such Lender designated in such Applicable Currency shall not exceed such Lender's Individual Currency Commitment for such Applicable Currency and (y) the sum of the aggregate principal amount of the Individual Currency Loans of all Lenders in such Applicable Currency and the Letter of Credit Exposure attributable to all Letters of Credit issued in such Applicable Currency (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan and each such Letter of Credit) shall not exceed \$5,000,000, and

(iv) with respect to each Lender (x) the aggregate principal amount of all Individual Currency Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (y) the aggregate principal amount of all Revolving Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (z) the SL/LC Credit Exposure of such Lender, shall not exceed such Lender's Commitment.

During the Commitment Period, the Non-Core Currency Borrowers may borrow, prepay in whole or in part and reborrow Individual Currency Loans under the Aggregate Individual Currency Commitments, all in accordance with the terms and conditions of this Agreement.

(f) Subject to the terms and conditions hereof, Individual Currency Loans, (i) if to be made in Australian Dollars, shall be made to the Australian Borrower, (ii) if to be made in Canadian Dollars, shall be made to the Canadian Borrower, (iii) if to be made in Hong Kong Dollars, shall be made to the Hong Kong Borrower, (iv) if to be made in Italian Lira, shall be made to the Italian Borrower, (v) if to be made in Korean Won, shall be made to the Korean Borrower, (vi) if to be made in Malaysian Ringgit, shall be made to the Malaysian Borrower, (vii) if to be made in Mexican Pesos, shall be made to the Mexican Borrower, (viii) if to be made in Philippine Pesos, shall be made to the Philippine Borrower, (ix) if to be made in Singaporean Dollars, shall be made to the Singaporean Borrower, (x) if to be made in Swiss Francs, shall be made to the Swiss Borrower, (xi) if to be made in New Taiwan Dollars, shall be made to the Taiwanese Borrower, and (xii) if to be made in Thai Baht, shall be made to the Thai Borrower. Each Individual Currency Loan shall be due and payable on the earlier of (x) the last day of the Individual Currency Interest Period applicable thereto and (y) the Maturity Date.

B. Minimum Amount of Each Borrowing

(a) The aggregate principal amount of each borrowing of Revolving Loans shall not (x) in the case of Revolving Loans constituting ABR Advances, be less than \$500,000 or such amount and a whole multiple of \$100,000 in excess thereof, and (y) in the case of Eurodollar Advances and Core Currency Euro Advances, be less than \$500,000 or such amount and a whole multiple of \$100,000 in excess thereof (or an amount in the applicable Alternate Currency having a Dollar Equivalent of approximately \$500,000 or such amount plus a whole multiple of approximately \$100,000 in excess thereof in the case of a borrowing of Alternate Currency Revolving Loans), provided, in each case that Mandatory Borrowings shall be made in the amounts required by Section 2.1(d).

(b) The aggregate principal amount of each borrowing of Swing Line Loans shall not be less than \$100,000 or such amount plus a multiple of \$50,000 in excess thereof (or an amount in the applicable Alternate Currency having a Dollar Equivalent of approximately \$100,000 or such amount plus a whole multiple of approximately \$50,000 in excess thereof in the case of a borrowing of Alternate Currency Swing Line Loans).

(c) The aggregate principal amount of each borrowing of Individual Currency Loans shall not be less than an amount in the applicable Non-Core Alternate Currency having a Dollar Equivalent of approximately \$100,000 or such amount plus a whole multiple of approximately \$50,000 in excess thereof.

(d) At no time shall the aggregate outstanding number (whether as a result of borrowings or conversions), of all (x) Eurodollar Advances exceed 5, (y) all Core Currency Euro Advances exceed 10 and (z) all Individual Currency Loans exceed 18.

(e) The aggregate number of all Bid Requests shall not exceed 12 (or such other number as the Parent and the Administrative Agent shall agree from time to time) in any fiscal quarter.

C. Notice of Borrowing

(a) Whenever a Borrower desires to borrow Loans hereunder (excluding Swing Line Loans, Bid Loans, Negotiated Rate Loans, Individual Currency Loans and Mandatory Borrowings), the Parent and such Borrower shall give the Administrative Agent at its office set forth in Section 11.2 (i) no later than 10:00 A.M. on the date that an ABR Advance is to be made written notice (or telephonic notice promptly confirmed in writing) of each ABR Advance, (ii) no later than 10:00 A.M. at least two Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Eurodollar Advance and (iii) no later than 11:00 A.M. at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Alternate Currency Loan (other than an Individual Currency Loan) to be made hereunder, provided that any such notice shall be deemed to have been given on a certain day only if given before 10:00 A.M. on such day in the case of clauses (i) and (ii) above and 11:00 A.M. on such day in the case of clause (iii) above. Each such written notice or written confirmation of telephonic notice (each a "Notice of Borrowing"), shall be irrevocable and shall be given by the Parent and the applicable Borrower in the form of Exhibit C, appropriately completed to specify (A) the name of such Borrower, (B) the date of such borrowing (which shall be a Business Day), (C) the Applicable Currency for such Loans, (D) the aggregate principal amount of the Loans to be made (stated in the Applicable Currency), (E) in the case of Dollar Loans, whether the Loans being made are to be initially maintained as ABR Advances or Eurodollar Advances and (F) in the case of all Loans (other than ABR Advances), the initial Interest Period to be applicable thereto. The Administrative Agent shall promptly give each Lender notice of such proposed borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be

specified in the Notice of Borrowing.

(b) (i) Whenever a Swing Line Borrower desires to borrow Swing Line Loans hereunder, the Parent and such Swing Line Borrower shall give the Swing Line Lender a Notice of Borrowing (or telephonic notice promptly confirmed by delivery of a Notice of Borrowing) at its office set forth in Section 11.2 no later than (x) 1:00 P.M. on the requested Borrowing Date in respect of a Dollar Swing Line Loan, (y) 10:00 A.M. at least one Business Day prior to the requested Borrowing Date in respect of an Alternate Currency Swing Line Loan in Sterling Pounds and (z) 10:00 A.M. at least two Business Days prior to the requested Borrowing Date in respect of any other Alternate Currency Swing Line Loan, provided, that any such notice shall be deemed to have been given on a certain day only if given before 1:00 P.M. on such day in the case of clause (x) above or 10:00 A.M. on such day in the case of clause (y) or (z) above. Each such notice shall be irrevocable and specify in each case (A) the name of such Swing Line Borrower, (B) the date of such incurrence (which shall be a Business Day) (C) the Applicable Currency for such Swing Line Loans, (D) the aggregate principal amount of such Swing Line Loans (stated in the Applicable Currency) and (E) the requested amount and the requested Swing Line Interest Period and maturity date with respect to each Swing Line Negotiated Rate Advance and Swing Line Loan made as an ABR Advance. Upon receipt from the Parent and the applicable Swing Line Borrower of a Notice of Borrowing which requests one or more Swing Line Negotiated Rate Advances, the Swing Line Lender shall, following discussion with the Parent regarding the proposed Swing Line Negotiated Rate for such Swing Line Negotiated Rate Advance, confirm in writing to the Parent the applicable Swing Line Negotiated Rate (x) 12:00 Noon one Business Day prior to the requested Borrowing Date in the case of a Swing Line Negotiated Rate Advance in Sterling Pounds and (y) 12:00 Noon two Business Days prior to the requested Borrowing Date in the case of a Swing Line Negotiated Rate Advance in a Core Currency (other than Dollars and Sterling Pounds).

(ii) Mandatory Borrowings shall be made upon the notice specified in Section 2.1(d), with each Swing Line Borrower irrevocably agreeing, by its borrowing of any Swing Line Loan, to the making of the Mandatory Borrowings as set forth in Section 2.1(d).

(c) Whenever any Non-Core Currency Borrower desires to borrow Individual Currency Loans hereunder, the Parent and such Non-Core Currency Borrower shall give the applicable Lenders and the Administrative Agent at their respective offices set forth in 11.2 a Notice of Borrowing (or telephonic notice promptly confirmed by delivery of a Notice of Borrowing) no later than 11:00 A.M. at least three Business Days' prior to the requested Borrowing Date in respect

of such Individual Currency Loans, provided that any such notice shall be deemed to have been given on a certain day only if given before 11:00 A.M. on such day. Upon its receipt of any such Notice of Borrowing, the Administrative Agent shall promptly confirm in writing its receipt of such Notice of Borrowing to each applicable Lender; only upon receipt by such Lender of such written confirmation from the Administrative Agent will such Notice of Borrowing become effective. Each such notice of the Borrower shall be irrevocable and shall specify (A) the name of such Non-Core Borrower, (B) the date of such borrowing (which shall be a Business Day), (C) the Applicable Currency for such Individual Currency Loans, (D) the aggregate principal amount of such Individual Currency Loans (stated in the Applicable Currency), and (E) the Interest Period to be applicable thereto.

(d) Without in any way limiting the obligation of any Borrower to confirm in writing any telephonic notice of any incurrence of Loans, the Administrative Agent or the Swing Line Lender (in the case of any borrowing of Swing Line Loans), as the case may be, may act without liability upon the basis of telephonic notice of such borrowing, believed by the Administrative Agent or the Swing Line Lender, as the case may be, in good faith to be from such Borrower prior to receipt of written confirmation.

D. Disbursement of Funds

(a) Revolving Loans and Swing Line Loans. No later than 12:00 Noon (local time in the city in which the proceeds of Loans (other than Bid Loans, Negotiated Rate Loans and Individual Currency Loans) are to be made available in accordance with the terms hereof) on the date specified in each Notice of Borrowing (or no later than 5:00 P.M. (New York City time) on the date specified for the borrowing of each Dollar Swing Line Loan and each Dollar Revolving Loan), each Lender will make available its pro rata portion of the Loans requested to be made on such date (or in the case of Swing Line Loans, the Swing Line Lender shall make available the full amount thereof), in the Applicable Currency. All such Loans shall be made available in immediately available funds at the Applicable Payment Office of the Administrative Agent, and the Administrative Agent will make available to the applicable Borrower at such Applicable Payment Office, in the Applicable Currency, and in immediately available funds, the aggregate of the amounts so made available by the Lenders prior to 2:30 P.M. (local time in the city in which the proceeds of such Loans are to be made available in accordance with the terms hereof) on such day (or 5:00 P.M. (New York City time) on such day for Dollar Swing Line Loans and Dollar Revolving Loans), in each case to the extent of funds actually received by the Administrative Agent.

(b) Bid Loans. No later than 12:00 Noon (local time in the city in which the proceeds of such Bid Loans are to be made available in accordance with the terms hereof) on the relevant Borrowing Date, each Lender whose Bid was accepted by the applicable Borrower shall make available the proceeds of such Lender's Bid Loan(s) (x) in the case of Dollar Bid Loans, to the Administrative Agent at its Applicable Payment Office and (y) in the case of Alternate Currency Bid Loans, directly to such Borrower at such Lender's Applicable Payment Office, in each case in immediately available funds in the Applicable Currency. Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, if directed by the Required Lenders and with the consent of the Administrative Agent, the proceeds of all such Bid Loans shall be made available in immediately available funds at the Applicable Payment Office of the Administrative Agent. All amounts made available to the Administrative Agent on the applicable Borrowing Date pursuant to the preceding two sentences will then be made available on such date to the applicable Borrower by the Administrative Agent at the Applicable Payment Office of the Administrative Agent to the extent of funds actually received by the Administrative Agent no later than 2:30 P.M. (local time in the city in which the proceeds of such loans are to be made available in accordance with the terms hereof).

(c) Negotiated Rate Loans. No later than 12:00 Noon (local time in the city in which the proceeds of such Negotiated Rate Loans are to be made available in accordance with the terms hereof) on the relevant Borrowing Date for each Negotiated Rate Loan, the applicable Lender shall make available the proceeds of such Negotiated Rate Loan (x) in the case of Dollar Negotiated Rate Loans, to the Administrative Agent at its Applicable Payment Office and (y) in the case of Alternate Currency Negotiated Rate Loans, directly to the applicable Borrower at such Lender's Applicable Payment Office, in each case in immediately available funds in the Applicable Currency. Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, if directed by the Required Lenders and with the consent of the Administrative Agent, the proceeds of all such Negotiated Rate Loans shall be made available in immediately available funds at the Applicable Payment Office of the Administrative Agent. All amounts made available to the Administrative Agent on the applicable Borrowing Date pursuant to the preceding two sentences will then be made available on such date to the applicable Borrower by the Administrative Agent at the Applicable Payment Office of the Administrative Agent to the extent of funds actually received by the Administrative Agent no later than 2:30 P.M. (local time in the city in which the proceeds of such loans are to be made available in accordance with the terms hereof).

(d) Individual Currency Loans. No later than 12:00

Noon (local time in the city in which the proceeds of such Individual Currency Loans are to be made available in accordance with the terms hereof) on the relevant Borrowing Date for each Individual Currency Loan, the applicable Lender shall make available the proceeds of such Individual Currency Loan directly to the applicable Borrower at such Lender's Applicable Payment Office, in each case in immediately available funds in the Applicable Currency. Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, if directed by the Required Lenders and with the consent of the Administrative Agent, the proceeds of all such Individual Currency Loans shall be made available in immediately available funds at the Applicable Payment Office of the Administrative Agent. All amounts made available to the Administrative Agent on the applicable Borrowing Date pursuant to the preceding two sentences will then be made available on such date to the applicable Borrower by the Administrative Agent at the Applicable Payment Office of the Administrative Agent to the extent of funds actually received by the Administrative Agent no later than 2:30 P.M. (local time in the city in which the proceeds of such loans are to be made available in accordance with the terms hereof).

(e) Failure to Fund. Unless the Administrative Agent shall have been notified by a Lender prior to the making of any Loans that such Lender does not intend to make available to the Administrative Agent either (w) such Lender's portion of the Loans (other than Bid Loans, Individual Currency Loans and Negotiated Rate Loans) to be made on such date, (x) such Lender's Bid Loan which is to be made available to the Administrative Agent, (y) such Lender's Negotiated Rate Loan which is to be made available to the Administrative Agent or (z) such Lender's Individual Currency Loan which is to be made available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such Borrowing Date and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with all costs and expenses incurred by the Administrative Agent in connection therewith. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the applicable Borrower. The Administrative Agent shall be entitled to recover on demand from such Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to such Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to the Federal Funds Rate in effect (or in the case of

Alternate Currency Loans, at a rate based upon the all-in cost of funds for the Applicable Currency) on each such day (as determined by the Administrative Agent). If such corresponding amount is not made available by such Lender to the Administrative Agent within one Business Day after such Borrowing Date, the Administrative Agent shall also be entitled to receive from the applicable Borrower such amount, together with (w) in the case of a Loan (other than a Bid Loan, an Individual Currency Loan and a Negotiated Rate Loan), the rate of interest applicable to such Loan as determined pursuant to Section 2.8, (x) in the case of Bid Loan, the applicable interest rate for such Bid Loan (or in the case of Alternate Currency Bid Loans, at a rate based upon the all-in cost of funds for the Applicable Currency) (y) in the case of a Negotiated Rate Loan, the applicable interest rate for such Negotiated Rate Loan (or in the case of Alternate Currency Negotiated Rate Loans, at a rate based upon the all-in cost of funds for the Applicable Currency), or (z) in the case of an Individual Currency Loan, the applicable rate based upon the all-in cost of funds for the Applicable Currency. Nothing in this Section shall be deemed to relieve any Lender from its obligation to make Loans hereunder or to prejudice any rights which the applicable Borrower may have against any Lender as a result of any failure by such Lender to make Loans hereunder.

(f) Borrower Accounts. Each Loan made to a Borrower shall be made to its applicable payment account specified on Exhibit T or such other account which it may from time to time specify by written notice to the Administrative Agent and the Lenders.

E. Payments.

(a) Loans and Fees. Except as otherwise specifically provided herein, each payment, including each prepayment, of principal and interest on the Revolving Loans, the Individual Currency Loans, the Negotiated Rate Loans, the Bid Loans, the Facility Fee and the Letter of Credit Commissions shall be made by the Borrowers to the Administrative Agent at its Applicable Payment Office in funds immediately available to the Administrative Agent at such office by 12:00 Noon (local time in the city in which such Applicable Payment Office is located) on the due date for such payment, provided, however, that unless an Event of Default has occurred and is continuing and the Required Lenders have directed the Administrative Agent and the Borrowers to the contrary, and the Administrative Agent shall have consented thereto, each payment, including each prepayment, of principal and interest on the Alternate Currency Bid Loans, the Alternate Currency Negotiated Rate Loans, and the Individual Currency Loans shall be made directly by the applicable Borrower to the applicable Lender at the Applicable Payment Office of such Lender by 12:00 Noon (local time in the city in which such Lender's Ap-

plicable Payment Office is located). Promptly upon receipt by the Administrative Agent of payments made to it pursuant to this Section 2.5(a), the Administrative Agent shall remit such payment in like funds as received to the Lenders (x) (i) in the case of the Facility Fee, according to the Commitment Percentage of each Lender, and (ii) in the case of the Letter of Credit Commissions, the average daily Availability Percentage of each Lender for the period in respect of which such payment was made and (y) pro rata according to the aggregate outstanding principal balance of the Revolving Loans, the applicable Individual Currency Loans, the applicable Negotiated Rate Loans or the applicable Bid Loans, as the case may be, of each Lender, in the case of principal and interest thereon. The Parent and each Lender shall promptly notify the Administrative Agent of the date and amount of each direct payment made by a Borrower to such Lender in respect of each Alternate Currency Bid Loan, each Alternate Currency Negotiated Rate Loan and each Individual Currency Loan pursuant to this Section 2.5(a).

(b) Swing Line Loans. Each payment, including each prepayment, of principal and interest on the Swing Line Loans shall be made by the applicable Swing Loan Borrower to the Administrative Agent at its Applicable Payment Office in funds immediately available to the Administrative Agent at such office by 12:00 Noon (local time in the city in which such Applicable Payment Office is located) on the due date for such payment and, promptly upon receipt thereof by the Administrative Agent, shall be remitted by the Administrative Agent in like funds as received, to the Swing Line Lender.

(c) Late Payments. The failure of any of the Borrowers to make any such payment by the time required above in this Section 2.5 shall not constitute a default hereunder, provided that such payment is made on such due date, but any such payment made after 12:00 Noon (local time in the city in which such Applicable Payment Office is located) on such due date shall be deemed to have been made on the next Business Day for the purpose of calculating interest on amounts outstanding on the applicable Loans.

(d) Alternate Currencies. The principal of and interest on each Alternate Currency Loan shall be paid only in the Applicable Currency for such Alternate Currency Loan.

(e) Payments Due on Days Which are Not Business Days. If any payment hereunder shall be due and payable on a day which is not a Business Day, the due date thereof (except as otherwise provided herein) shall be extended to the next Business Day and with respect to payments in respect of principal and interest shall be payable at the applicable rate specified herein during such extension.

F. Conversions

(a) Each applicable Borrower shall have the option to convert on any Business Day all or a portion of the outstanding principal amount of ABR Advances (other than ABR Advances constituting Swing Line Loans), Eurodollar Advances or Core Currency Euro Advances into (i) in the case of an ABR Advance, one or more Eurodollar Advances, (ii) in the case of a Eurodollar Advance, one or more ABR Advances or one or more new Eurodollar Advances and (iii) in the case of a Core Currency Euro Advance, one or more new Core Currency Euro Advances of the same Core Currency, provided that (A) except as otherwise provided in Section 2.14(b), Eurodollar Advances may be converted into ABR Advances or new Eurodollar Advances only on the last day of the Interest Period applicable to the Eurodollar Advances being converted, (B) except as otherwise provided in Section 2.14(b), Core Currency Euro Advances may be converted into new Core Currency Euro Advances only on the last day of the Interest Period applicable to the Core Currency Euro Advances being converted, (C) the outstanding principal amount of the new Eurodollar Advances having the same Interest Period or the new Core Currency Euro Advances having the same Interest Period shall be in an amount equal to \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or an amount in the applicable Alternate Currency having a Dollar Equivalent of approximately \$500,000 or such amount plus a whole multiple of approximately \$100,000 in excess thereof in the case of such Core Currency Euro Advances), (D) the outstanding principal amount of the new ABR Advances shall be in an amount equal to \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof, (E) ABR Advances or Eurodollar Advances may not be converted into Eurodollar Advances if any Default or Event of Default is in existence on the date of the conversion and the Administrative Agent or the Required Lenders have determined that such a conversion is not appropriate, and (F) no conversion pursuant to this Section shall result in a greater number of Eurodollar Advances or Core Currency Euro Advances than is permitted under Section 2.2(d).

(b) Each such conversion shall be effected by the applicable Borrower by giving the Administrative Agent, at its office set forth in Section 11.2 prior to 10:00 A.M. in the case of Dollar Loans, at least two Business Days prior written notice and, in the case of Core Currency Euro Advances, at least three Business Days prior written notice (each a "Notice of Conversion"), specifying the ABR Advances, the Eurodollar Advances or the Core Currency Euro Advances to be so converted, the date of such conversion (which shall be a Business Day) and, if to be converted into Eurodollar Advances or Core Currency Euro Advances, the Interest Period to be applicable thereto. The Administrative Agent shall give each Lender prompt notice of any such proposed conversion affecting any of its Loans.

(c) If with respect to the expiration of an exist-

ing Interest Period for a Eurodollar Advance or a Core Currency Euro Advance the applicable Borrower has failed to deliver a Notice of Conversion with respect thereto, such Borrower shall be deemed to have elected (i) if a Eurodollar Advance, to convert such Eurodollar Advance to an ABR Advance and (ii) if a Core Currency Euro Advance, to convert such Core Currency Euro Advance to a new Core Currency Euro Advance with a one month Interest Period, in either case effective as of the expiration date of such existing Interest Period.

G. Pro Rata Borrowings; Special Procedures and Assumptions

(a) Pro Rata Borrowings. In connection with each borrowing of Revolving Loans, each Lender shall make available an amount equal to the aggregate amount of such Revolving Loans, multiplied by such Lender's Availability Percentage calculated in accordance with Section 2.7(b). It is understood that no Lender shall be responsible for any default by any other Lender of its obligation to make Loans hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Loans hereunder.

(b) Special Procedures and Assumptions. Notwithstanding anything to the contrary contained herein:

(i) all Notices of Borrowing and all Letter of Credit Requests to be delivered to the Administrative Agent on the same day shall be delivered to the Administrative Agent at the same time;

(ii) with respect to any Loans (other than a Bid Loan or a Negotiated Rate Loan) or Letters of Credit requested pursuant to one or more Notices of Borrowing or Letter of Credit Requests delivered to the Agent on the same day, during the period commencing on the date of such delivery to the Administrative Agent and ending on the Borrowing Date of the last such Loan or the date of issuance of the last such Letter of Credit to be made or issued pursuant to such Notices of Borrowing or Letter of Credit Requests (the "Borrowing/Issuance Period"):

(A) no additional Loan (other than a Bid Loan or a Negotiated Rate Loan) shall be requested to be made and no additional Letter of Credit shall be requested to be issued;

(B) no Loan (other than a Bid Loan or a Negotiated Rate Loan) shall be voluntarily prepaid; and

(C) neither the Aggregate Commitments, the

Swing Line Commitment, any Individual Currency Commitment of any Lender, nor the Letter of Credit Commitment shall be voluntarily reduced;

(iii) for purposes of calculating the Availability Percentage for any Revolving Loans requested to be made during any Borrowing/Issuance Period:

(A) any payment of any Revolving Loan, Individual Currency Loan, Swing Line Loan or reimbursement obligation in respect of a Letter of Credit which is scheduled to be made during such Borrowing/Issuance Period shall be deemed to have been made immediately prior to the commencement of such Borrowing/Issuance Period;

(B) any Letter of Credit which is scheduled to expire or otherwise terminate during such Borrowing/Issuance Period shall be deemed to have expired or otherwise terminated immediately prior to the commencement of such Borrowing/Issuance Period;

(C) any Individual Currency Loans which are to be made during such Borrowing/Issuance Period shall be deemed to have been made immediately prior to the making of any Revolving Loans or Swing Line Loans, or the issuance of any Letters of Credit, during such Borrowing/Issuance Period; and

(D) any Revolving Loans, Swing Line Loans and Letters of Credit which are to be made or issued during such Borrowing/Issuance Period shall be deemed to have been made and issued simultaneously; and

(iv) the Availability Percentage during any Borrowing/Issuance Period shall be determined by the Administrative Agent in accordance with this Section 2.7(b) on the first day of such Borrowing/Issuance Period and shall continue in effect through the last day of such Borrowing/Issuance Period.

H. Interest

(a) Each Domestic Borrower agrees to pay interest in respect of the unpaid principal amount of each ABR Advance made to such Domestic Borrower from the date thereof until the conversion or maturity (whether by acceleration or otherwise) of such ABR Advance, at a rate per annum which shall be equal to the sum of the Applicable Margin plus the Alternate Base Rate in effect from time to time.

(b) Each Domestic Borrower agrees to pay interest

in respect of the unpaid principal amount of each Eurodollar Advance made to such Domestic Borrower from the date thereof until the conversion or maturity (whether by acceleration or otherwise) of such Eurodollar Advance, at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of the Applicable Margin plus the Euro-dollar Rate for such Interest Period.

(c) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Core Currency Euro Advance made to such Borrower from the date thereof until the conversion or maturity (whether by acceleration or otherwise) of such Core Currency Euro Advance at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of the Applicable Margin plus the Core Currency Euro Rate for such Interest Period.

(d) Each Non-Core Currency Borrower agrees to pay interest in respect of the unpaid principal amount of each Individual Currency Loan made to such Non-Core Currency Borrower from the date thereof until the maturity (whether by acceleration or otherwise) of such Individual Currency Loan at a rate per annum which shall, during the Interest Period applicable thereto, be equal to the sum of the Applicable Margin plus the Individual Currency Rate for such Interest Period.

(e) Each Swing Line Borrower agrees to pay interest in respect of the unpaid principal amount of each Swing Line Negotiated Rate Advance made to such Swing Line Borrower from the date thereof until the maturity (whether by acceleration or otherwise) of such Swing Line Negotiated Rate Advance at a rate per annum which shall, during the Interest Period applicable thereto, be equal to the Swing Line Negotiated Rate for such Interest Period.

(f) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Bid Loan made to such Borrower from the date thereof until the maturity (whether by acceleration or otherwise) of such Bid Loan at a rate per annum which shall, during the Interest Period applicable thereto, be equal to the Bid Rate for such Interest Period.

(g) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Negotiated Rate Loan made to such Borrower from the date thereof until the maturity (whether by acceleration or otherwise) of such Negotiated Rate Loan at a rate per annum which shall, during the Interest Period applicable thereto, be equal to the Negotiated Rate for such Interest Period.

(h) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan shall, in

each case, bear interest at a rate per annum equal to the rate which is 2% in excess of the rate applicable to such Loan (or in the case of a Dollar Bid Loan or a Dollar Negotiated Rate Loan, 2% in excess of the Alternate Base Rate, or in the case of an Alternate Currency Bid Loan, an Alternate Currency Swing Line Loan, an Alternate Currency Negotiated Rate Loan, an Individual Currency Loan or a Letter of Credit designated in an Alternate Currency, 2% in excess of the all-in rate determined by the applicable Lender, Issuing Bank or Swing Line Lender, as the case may be, as its cost of funds in the Applicable Currency or, in the case of such Letter of Credit, the applicable Currency) until paid in full (whether before or after the entry of a judgment thereon). If all or any portion of any reimbursement obligation in respect of a Letter of Credit designated in Dollars shall not be paid when due (whether at the stated maturity thereof, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the Alternate Base Rate plus 2%, from the date of such nonpayment until paid in full (whether before or after the entry of a judgment thereon). Any other overdue amount payable hereunder shall, to the extent permitted by law, bear interest at a rate per annum equal to the Alternate Base Rate plus 2% until paid in full (whether before or after the entry of a judgment thereon). All such interest shall be payable on demand.

(i) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each ABR Advance constituting a Revolving Loan, quarterly in arrears on each Quarterly Payment Date, (ii) in respect of each Eurodollar Advance and each Core Currency Euro Advance, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the first day of such Interest Period, (iii) in respect of each Bid Loan, Negotiated Rate Loan, Individual Currency Loan, Swing Line Negotiated Rate Advance and ABR Advance made as a Swing Loan, on the last day of the Interest Period applicable thereto, and (iv) in respect of each Loan, on any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(j) The Administrative Agent shall determine the respective interest rate for each Interest Period applicable to a Eurodollar Advance or Core Currency Euro Advance for which such determination is being made and shall promptly notify the applicable Borrower and the Lenders thereof.

(k) Interest on all Loans shall be calculated on the basis of a 360 day year for the actual number of days elapsed except that interest on ABR Advances to the extent based on the BNY Rate, interest on Core Currency Euro Advances in Sterling Pounds and interest on Individual Currency

Loans designated in Australian Dollars, Canadian Dollars, Italian Lira and New Taiwan Dollars shall be calculated on the basis of a 365 or 366-day year (as the case may be). Any change in the interest rate on the Loans resulting from a change in the Alternate Base Rate or the Federal Funds Rate shall become effective as of the opening of business on the day on which such change shall become effective. The Administrative Agent shall, as soon as practicable, notify the Parent (on behalf of all Borrowers) and the Lenders of the effective date and the amount of each change in the BNY Rate, but any failure so to notify shall not in any manner affect the obligation of the Borrowers to pay interest on the Loans in the amounts and on the dates required. Each determination of (i) the Alternate Base Rate, a Eurodollar Rate or a Core Currency Euro Rate by the Administrative Agent, (ii) an Individual Currency Rate by the applicable Lender, and (iii) an all-in cost of funds rate or any rate based thereon by the Administrative Agent or the Reference Lender, or such applicable Lender, as the case may be, in each case pursuant to this Agreement shall be conclusive and binding on all parties hereto absent manifest error. The Borrowers acknowledge that to the extent interest payable on ABR Advances is based on the BNY Rate, such Rate is only one of the bases for computing interest on loans made by the Lenders, and by basing interest payable on ABR Advances on the BNY Rate, the Lenders have not committed to charge, and the Borrowers have not in any way bargained for, interest based on a lower or the lowest rate at which the Lenders may now or in the future make loans to other borrowers.

(l) Decreases in the Applicable Margin resulting from a change in Pricing Levels I, II, III, IV and/or V shall become effective upon the delivery by the Parent to the Administrative Agent of a certificate of the Responsible Officer certifying as to a change in the Rating by Moody's or S&P of the senior unsecured long term debt rating of the Parent. Increases in the Applicable Margin shall become effective on the effective date of any downgrade or withdrawal in the Rating by Moody's or S&P of the senior unsecured long term debt rating of the Parent.

(m) If the Reference Lender shall for any reason no longer be a Lender, it shall thereupon cease to be the Reference Lender. The Administrative Agent shall, by notice to the Borrowers and the Lenders, designate another Lender as the Reference Lender so that there shall at all times be at least one Reference Lender. The Reference Lender shall use its best efforts to furnish quotations of rates to the Administrative Agent on a timely basis as contemplated hereby.

I. Termination or Reduction of Aggregate Commitments, Swing Line Commitment, Individual Currency Commitments and Letter of Credit Commitment

(a) Voluntary Reductions. The Parent shall have the right, upon at least three Business Days' prior written notice to the Administrative Agent, at any time to terminate the Aggregate Commitments or the Letter of Credit Commitment or from time to time to reduce permanently the Aggregate Commitments or the Letter of Credit Commitment, provided, however, that any such reduction shall be in the amount of \$10,000,000 or such amount plus a whole multiple of \$1,000,000 in excess thereof.

(b) Swing Line Commitment. The Parent shall have the right, upon at least three Business Days' prior written notice to the Administrative Agent and the Swing Line Lender, at any time, to reduce permanently the Swing Line Commitment in whole at any time, or in part from time to time, to an amount not less than the aggregate principal balance of the Swing Line Loans then outstanding (after giving effect to any contemporaneous prepayment thereof) without premium or penalty, provided that each partial reduction of the Swing Line Commitment shall be in an amount equal to \$10,000,000 or such amount plus a whole multiple of \$1,000,000 in excess thereof.

(c) Individual Currency Commitments. The Parent shall have the right, upon at least three Business Days' prior written notice to the Administrative Agent and the applicable Lender, at any time, to reduce permanently any Individual Currency Commitment of such Lender in whole at any time, or in part from time to time, to an amount not less than the aggregate principal balance of the Individual Currency Loans of such Lender then outstanding under such Individual Currency Commitment (after giving effect to any contemporaneous prepayment thereof) without premium or penalty provided that each partial reduction of such Individual Currency Commitment shall be in an amount in the applicable Non-Core Currency having a Dollar Equivalent of approximately \$1,000,000 or such amount plus a whole multiple of approximately \$1,000,000 in excess thereof.

(d) In General. Each reduction of the Aggregate Commitments shall be applied pro rata according to the Commitment Percentage of each Lender, and each reduction in the Letter of Credit Commitment shall be applied pro rata according to the Availability Percentage of each Lender at the time of such reduction. Simultaneously with each reduction of the Aggregate Commitments under this Section, the Borrowers shall pay the Facility Fee accrued on the amount by which the Aggregate Commitments have been reduced. Simultaneously with each reduction of the Aggregate Commitments, the Swing Line Commitment and the Individual Currency Commitments, the Borrowers shall prepay the Loans as required by Section 2.10. The Aggregate Commitments shall not be reduced below an amount equal to the Aggregate Credit Exposure (after giving effect to any prepayment of the Loans made simultaneously with such reduction of the Aggregate Commit-

ments). The Aggregate Commitments shall not be reduced to the extent, immediately after giving effect thereto, the Commitment of any Lender would exceed the sum of (I) the aggregate principal amount of all Revolving Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Revolving Loan), plus (II) the aggregate principal amount of all Individual Currency Loans then outstanding from such Lender (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan), plus (III) the SL/LC Credit Exposure of such Lender. The Letter of Credit Commitment shall not be reduced below an amount equal to the Letter of Credit Exposure.

J. Prepayments of the Loans

(a) Voluntary Prepayments. Each Borrower may, at its option, prepay the Loans made to such Borrower without premium or penalty, (x) in the case of Revolving Loans and Swing Loans, in full at any time or in part from time to time, and (y) in the case of Negotiated Rate Loans, Bid Loans and Individual Currency Loans, in full at any time, in each case by notifying the Administrative Agent in writing at least three Business Days prior to the proposed prepayment date, identifying the Loans to be prepaid as Revolving Loans, Swing Line Loans, Negotiated Rate Loans, Bid Loans or Individual Currency Loans and specifying whether the Loans to be prepaid consist of ABR Advances, Eurodollar Advances, Core Currency Euro Advances or Swing Line Negotiated Rate Advances, or a combination thereof, the amount to be prepaid and the date of prepayment. Such notice shall be irrevocable and the amount specified in such notice shall be due and payable on the date specified, together with accrued interest to the date of such payment on the amount prepaid. Upon receipt of such notice, the Administrative Agent shall promptly notify each Lender thereof in the case of Revolving Loans, the Swing Line Lender in the case of Swing Loans and the applicable Lender or Lenders in the case of Bid Loans, Negotiated Rate Loans and Individual Currency Loans. Each partial prepayment of ABR Advances pursuant to this subsection shall be in an aggregate principal amount of \$100,000 or such amount plus a whole multiple of \$50,000 in excess thereof, or, if less, the outstanding principal balance of the ABR Advances. After giving effect to any partial prepayment with respect to Eurodollar Advances or Core Currency Euro Advances which were made (whether as the result of a borrowing or a conversion) on the same date and which had the same Interest Period, the outstanding principal amount of such Eurodollar Advances or Core Currency Euro Advances shall equal (subject to Section 2.6) \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or the Alternate Currency Equivalent of approximately \$500,000 or such amount plus a whole multiple of approximately \$100,000 in excess thereof in the case of a prepayment of Core Currency Euro Advances).

(b) Mandatory Prepayments of Loans.

(i) Subject to clause (ii) below with respect to Swing Line Loans and clause (iii) below with respect to the Individual Currency Loans of each Lender, simultaneously with each reduction of the Aggregate Commitments under Section 2.9, the Borrowers shall prepay the Loans by the amount, if any, by which the Aggregate Credit Exposure exceeds the amount of the Aggregate Commitments as so reduced.

(ii) Simultaneously with each reduction of the Swing Line Commitment under Section 2.9, the Swing Line Borrowers shall prepay the Swing Line Loans by the amount, if any, by which the outstanding principal balance of the Swing Line Loans (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Swing Line Loan) exceeds the amount of the Swing Line Commitment as so reduced.

(iii) Simultaneously with each reduction of the Individual Currency Commitment of any Lender under Section 2.9, the applicable Non-Core Currency Borrower shall prepay the Individual Currency Loans made by such Lender to such Non-Core Currency Borrower under such Individual Currency Commitment by the amount, if any, by which the outstanding principal balance of such Individual Currency Loans exceeds the amount of such Individual Currency Commitment as so reduced.

(iv) If on any date that the Dollar Equivalent is required to be calculated pursuant to Section 11.6 the Aggregate Credit Exposure shall exceed the Aggregate Commitments, the Borrowers shall prepay the Loans in an aggregate principal amount such that immediately after giving effect thereto, the Aggregate Credit Exposure shall not exceed the Aggregate Commitments.

(v) If on any date that the Dollar Equivalent is required to be calculated pursuant to Section 11.6 the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies shall exceed \$60,000,000, the Borrowers shall prepay such Loans in an aggregate principal amount such that immediately after giving effect thereto, the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies shall not exceed \$60,000,000.

(c) In General. If any prepayment is made in respect of any Eurodollar Advance, Core Currency Euro Advance, Swing Line Negotiated Rate Advance, Individual Currency Loan, Negotiated Rate Loan or Bid Loan, in whole or in part, prior to the last day of the Interest Period applicable thereto, the applicable Borrower agrees to indemnify the Lenders in accordance with Section 2.15.

K. Bid Loans; Procedure

(a) Each Borrower may make Bid Requests by 12:00 Noon (i) at least two Business Days prior to the proposed Borrowing Date for one or more Bid Loans. Each Bid Request shall be given to the Administrative Agent (which shall promptly on the same day give notice thereof to each Lender by facsimile of an Invitation to Bid if the Bid Request is not rejected pursuant to this Section), shall be by telephone (confirmed in writing promptly on the same day by the delivery of a Bid Request signed by the applicable Borrower), and shall specify (i) the proposed Borrowing Date, which shall be a Business Day, (ii) the aggregate amount of the requested Bid Loans (the "Maximum Request") which shall not (A) exceed an amount which, on the proposed Borrowing Date, and after giving effect to the proposed Bid Loans, would result in (x) the Aggregate Credit Exposure exceeding the Aggregate Commitments or (y) the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies exceeding \$60,000,000, or (B) with respect to each Bid Loan be less than \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or approximately the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans), (iii) the Bid Interest Period(s) (up to three Bid Interest Periods may be requested pursuant to each Bid Request) therefor and the last day of each such Interest Period and (iv) the Applicable Currency for each Bid Loan. A Bid Request that does not conform substantially to the form of Exhibit F shall be rejected, and the Administrative Agent shall promptly notify the applicable Borrower of such rejection.

(b) Each Lender in its sole discretion may (but is not obligated to) submit one or more Bids to the Administrative Agent and the Parent not later than 9:30 A.M. (i) one Business Day prior to the proposed Borrowing Date specified in such Bid Request in the case of a Bid Loan (such 9:30 A.M. time on such Business Days each being herein called a "Bid Submission Deadline"), by fax or in writing, and thereby irrevocably offer to make all or any part (any such part referred to as a "Portion") of any Bid Loan described in the relevant Bid Request, at a rate of interest per annum (each a "Bid Rate") specified therein, in an aggregate principal amount of not less than \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or approximately the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans), provided that Bids submitted by the Administrative Agent may only be submitted if the Administrative Agent notifies the Parent and the applicable Borrower of the terms of its Bid not later than fifteen minutes prior to the Bid Submission Deadline. Multiple Bids may be delivered to and by the Administrative Agent. The aggregate Portions of Bid Loans for any or all Interest Periods offered by each Lender in its Bid may exceed the Maximum Request contained in

the relevant Bid Request, provided that each Bid shall set forth the maximum aggregate amount of the Bid Loans offered thereby which the applicable Borrower may accept (the "Maximum Offer"), which Maximum Offer shall not exceed the Maximum Request.

(c) The Administrative Agent shall promptly give notice by telephone (promptly confirmed in writing) to the Parent and the applicable Borrower of all Bids received by the Administrative Agent which comply in all material respects with this Section prior to the Bid Submission Deadline. The applicable Borrower shall, in its sole discretion but subject to Section 2.11(d), irrevocably accept or reject any such Bid (or any Portion thereof) not later than 10:30 A.M. one Business Day prior to the proposed Borrowing Date by notice to the Administrative Agent by telephone (confirmed in writing in the form of a Bid Accept/Reject Letter promptly the same day). Promptly on the day of the Bid Submission Deadline, the Administrative Agent will give notice in the form of a Bid Loan Confirmation to each Lender that submitted a Bid as to the extent, if any, that such Lender's Bid shall have been accepted. If the Administrative Agent fails to receive notice from the applicable Borrower of its acceptance or rejection of any Bids at or prior to 10:30 A.M. on the applicable day, all such Bids shall be deemed to have been rejected by the applicable Borrower, and the Administrative Agent will give to each Lender which submitted a Bid notice of such rejection by telephone on such day.

(d) If the applicable Borrower accepts a Portion of a proposed Bid Loan for a single Interest Period at the Bid Rate provided therefor in a Lender's Bid, such Portion shall be in a principal amount of \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or approximately the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans), subject to such lesser allocation as may be made pursuant to the provisions of this subsection. The aggregate principal amount of Bid Loans accepted by the applicable Borrower following Bids responding to a Bid Request shall not exceed the Maximum Request. The aggregate principal amount of Bid Loans accepted by the applicable Borrower pursuant to a Lender's Bid shall not exceed the Maximum Offer therein contained. If the applicable Borrower accepts any Bid Loans or Portion offered in any Bid, the applicable Borrower must accept Bids (and Bid Loans and Portions thereby offered) based exclusively upon the successively lowest Bid Rates within each Interest Period and no other criteria. If two or more Lenders submit Bids with identical Bid Rates for the same Bid Interest Period and the applicable Borrower accepts any thereof, the applicable Borrower shall, subject to the first three sentences of this subsection, accept all such Bids as nearly as possible in proportion to the amounts of such Lender's respective Bids with identical Bid Rates for such Bid Interest Period, pro-

vided, that if the amount of Bid Loans to be so allocated is not sufficient to enable each such Lender to make such Bid Loan (or Portions thereof) in an aggregate principal amount of \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans), the applicable Borrower shall round the Bid Loans (or Portions thereof) allocated to such Lender or Lenders as the applicable Borrower shall select as necessary to a minimum of \$500,000 or such amount plus a whole multiple of \$100,000 in excess thereof (or the Dollar Equivalent thereof in the case of Alternate Currency Bid Loans).

(e) Each Lender which makes a Bid Loan shall notify the Administrative Agent promptly of the making thereof (unless the proceeds of such Bid Loan were advanced to the Administrative Agent).

(f) All notices required by this Section shall be given in accordance with Section 11.2.

(g) Each Bid Loan shall be due and payable on the earlier of (x) the last day of the Interest Period applicable thereto and (y) the Maturity Date.

L. Negotiated Rate Loans; Procedure

(a) If at any time any Borrower, any Lender and the Parent shall have agreed that such Lender shall make a Negotiated Rate Loan to such Borrower, such Borrower and the Parent shall promptly execute and deliver to such Lender a Negotiated Rate Confirmation Request, specifying (i) the proposed Borrowing Date, which shall be a Business Day, (ii) the aggregate amount of the requested Negotiated Rate Loan which shall not (A) exceed an amount which, on the proposed Borrowing Date, and after giving effect to the proposed Negotiated Rate Loan, would result in (x) the Aggregate Credit Exposure exceeding the Aggregate Commitments or (y) the Aggregate Credit Exposure attributable to all Loans and Letters of Credit designated in Non-Core Currencies exceeding \$60,000,000, or (B) be less than \$100,000 or such amount plus a whole multiple of \$50,000 in excess thereof (or approximately the Dollar Equivalent thereof in the case of Alternate Currency Negotiated Rate Loans), (iii) the applicable rate of interest therefor (the "Negotiated Rate"), (iv) the Negotiated Rate Interest Period therefor and the last day of such Negotiated Rate Interest Period, and (v) the Applicable Currency therefor. If such Negotiated Rate Confirmation Request is in all respects satisfactory to such Lender, it shall promptly sign a copy thereof and deliver a copy thereof to such Borrower, the Parent and the Administrative Agent (the "Negotiated Rate Confirmation").

(b) Each Lender which makes a Negotiated Rate Loan

shall notify the Administrative Agent promptly of the making thereof (unless the proceeds of such Negotiated Rate Loan were advanced to the Administrative Agent).

(c) All notices required by this Section shall be given in accordance with Section 11.2.

(d) Each Negotiated Rate Loan shall be due and payable on the earlier of (x) the last day of the Interest Period applicable thereto and (y) the Maturity Date.

M. Taxes

(a) Payments to Be Free and Clear. All payments by each Borrower under the Loan Documents shall be made free and clear of, and without any deduction or withholding for, any Indemnified Tax. If any Credit Party or any other Person is required by any law, rule, regulation, order, directive, treaty or guideline to make any deduction or withholding (which deduction or withholding would constitute an Indemnified Tax) from any amount required to be paid by any Credit Party to or on behalf of any Indemnified Tax Person under any Loan Document (each a "Required Payment"):

(i) such Credit Party shall notify the Administrative Agent and such Indemnified Tax Person of any such requirement or any change in any such requirement as soon as such Credit Party becomes aware of it;

(ii) such Credit Party shall pay such Indemnified Tax before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on such Credit Party) for its own account or (if the liability is imposed on such Indemnified Tax Person) on behalf of and in the name of such Indemnified Tax Person;

(iii) such Credit Party shall pay to such Indemnified Tax Person an additional amount such that such Indemnified Tax Person shall receive on the due date therefor an amount equal to the Required Payment had no such deduction or withholding been required; and

(iv) such Credit Party shall, within 30 days after paying such Indemnified Tax, deliver to the Administrative Agent and the applicable Indemnified Tax Person satisfactory evidence of such payment to the relevant Governmental Authority.

(b) Other Indemnified Taxes. If an Indemnified Tax Person or any affiliate thereof is required by any law, rule, regulation, order, directive, treaty or guideline to pay any Indemnified Tax (excluding an Indemnified Tax which is subject to Section 2.13(a)) with respect to any sum paid or payable by any Credit Party to such Indemnified Tax Person under

the Loan Documents:

(i) such Indemnified Tax Person shall notify such Credit Party of any such payment of Indemnified Tax; and

(ii) such Credit Party shall pay to such Indemnified Tax Person the amount of such Indemnified Tax within 5 days of such notice.

(c) Tax on Indemnified Taxes. If any amounts are payable by a Credit Party in respect of Indemnified Taxes pursuant to Section 2.13(a) or (b), such Credit Party agrees to pay to the applicable Indemnified Tax Person, within 5 Business Days of written request therefor, an amount equal to all Taxes imposed with respect to such amounts as such Indemnified Tax Person shall determine in good faith are payable by such Indemnified Tax Person or any affiliate thereof in respect of such amounts and in respect of any amounts paid to or on behalf of such Indemnified Tax Person pursuant to this clause (c).

(d) Exception for Existing Taxes. No amount shall be required to be paid to any Indemnified Tax Person under Section 2.13(a)(iii) or (b) with respect to an Indemnified Tax to the extent that such Indemnified Tax would have been required to have been paid under any law, rule, regulation, order, directive, treaty or guideline in effect on the Effective Date.

(e) U.S. Tax Certificates. Each Lender that is organized under the laws of any jurisdiction other than the United States or any political subdivision thereof shall deliver to the Administrative Agent for transmission to the Parent, on or prior to the first Borrowing Date (in the case of each Lender listed on the signature pages hereof) or on the effective date of the Assignment and Acceptance Agreement or master assignment and acceptance agreement pursuant to which it becomes a Lender in accordance with Section 11.1 or 11.7, (in the case of each other Lender), and at such other times as may be necessary in the determination of the Parent, any Credit Party or the Administrative Agent (each in the reasonable exercise of its discretion), such certificates, documents or other evidence, properly completed and duly executed by such Lender (including, without limitation, Internal Revenue Service Form 1001 or Form 4224) to establish that such Lender is not subject to deduction or withholding of United States federal income tax under Section 1441 or 1442 of the Code or otherwise (or under any comparable provisions of any successor statute) with respect to any payments to such Lender of principal, interest, fees or other amounts payable under the Loan Documents. No Credit Party shall be required to pay any additional amount to any such Lender under Section 2.13(a)(iii) if such Lender shall have failed to satisfy the requirements of the immediately preceding sen-

tence; provided that if such Lender shall have satisfied such requirements on the first Borrowing Date (in the case of each Lender listed on the signature pages hereof) or on the effective date of the Assignment and Acceptance Agreement or master assignment and acceptance agreement pursuant to which it became a Lender (in the case of each other Lender), nothing in this subsection shall relieve any Credit Party of its obligation to pay any additional amounts pursuant to Section 2.13(a)(iii) in the event that, as a result of any change in applicable law (including, without limitation, any change in the interpretation thereof), such Lender is no longer properly entitled to deliver certificates, documents or other evidence at a subsequent date establishing the fact that such Lender is not subject to withholding as described in the immediately preceding sentence.

(f) Other Tax Certificates. Each Indemnified Tax Person agrees to use reasonable efforts to deliver to any Credit Party, promptly upon any request therefor from time to time by such Credit Party, such forms, documents and information as may be required by applicable law, regulation or treaty from time to time and to file all appropriate forms to obtain a certificate or other appropriate documents from the appropriate Governmental Authorities to establish that payments made in respect of any Alternate Currency Loan or Letter of Credit designated in an Alternate Currency by such Credit Party can be made without (or at a reduced rate of) withholding of Taxes, provided, however, that if such Indemnified Tax Person is or becomes unable by virtue of any applicable law, regulation or treaty, to establish such exemption or reduction, such Credit Party shall nonetheless remain obligated under Subsection 2.13(a) to pay the amounts described therein, and provided further, that no Indemnified Tax Person shall be required to take any action hereunder which, in the sole discretion of such Indemnified Tax Person, would cause such Indemnified Tax Person or any affiliate thereof to suffer a material economic, legal or regulatory disadvantage.

(g) Adverse Tax Position.

(i) An "Excess Tax" shall be the excess of (x) the Tax imposed, levied, collected, withheld or assessed by any Governmental Authority without the United States from which a payment is made by or on behalf of a Credit Party subject to an Adverse Tax Position or in which such Credit Party or an affiliate has an office or is deemed to be doing business, over (y) the Tax which would be imposed, levied, collected, withheld or assessed by such Governmental Authority, but for the existence of such Adverse Tax Position.

(ii) An "Adverse Tax Position" with respect to a Credit Party shall mean a position resulting from the lack of adequate capitalization or other similar condition with

respect to such Credit Party which, under applicable law or applicable treaty, results in higher Taxes on payments under the Loan Documents than would otherwise be imposed.

(iii) All payments by each Borrower under the Loan Documents shall be made free and clear of, and without any deduction or withholding for, any Excess Tax. If any Credit Party or any other Person is required by any law, rule, regulation, order, directive, treaty or guideline to make any deduction or withholding on account of any Tax from any Required Payment with respect to any Indemnified Tax Person and if all or a portion of such Tax represents Excess Tax:

(A) such Credit Party shall notify the Administrative Agent and such Indemnified Tax Person of any such requirement or any change in any such requirement as soon as such Credit Party becomes aware of it;

(B) such Credit Party shall pay such Excess Tax before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on such Credit Party) for its own account or (if the liability is imposed on such Indemnified Tax Person) on behalf of and in the name of such Indemnified Tax Person;

(C) such Credit Party shall pay to such Indemnified Tax Person an additional amount such that such Indemnified Tax Person shall receive on the due date therefor an amount equal to the Required Payment had no such deduction or withholding been required with respect to such Excess Tax; and

(D) such Credit Party shall, within 30 days after paying such Excess Tax, deliver to the Administrative Agent and the applicable Indemnified Tax Person satisfactory evidence of such payment to the relevant Governmental Authority.

(iv) If an Indemnified Tax Person or any affiliate thereof is required by any law, rule, regulation, order, directive, treaty or guideline to pay any Excess Tax (excluding Excess Tax which is subject to Section 2.13(g)(iii)) with respect to any sum paid or payable by any Credit Party to such Indemnified Tax Person under the Loan Documents:

(A) such Indemnified Tax Person shall notify such Credit Party of any such payment of Excess Tax; and

(B) such Credit Party shall pay to such Indemnified Tax Person the amount of such Excess Tax within 5 Business Days of such notice.

(v) If any amounts are payable by a Credit Party in respect of Excess Tax pursuant to Section 2.13(g)(iii) or (iv) such Credit Party agrees to pay to the applicable Indemnified Tax Person, within 5 days of written request therefor, an amount equal to all Taxes imposed with respect to such amounts as such Indemnified Tax Person shall determine are payable by such Indemnified Tax Person or any affiliate thereof in respect of such amounts and in respect of any amounts paid to or on behalf of such Indemnified Tax Person pursuant to this clause (v).

N. Increased Costs, Illegality, etc.

(a) In the event that any Lender with respect to clauses (ii) and (iii) below or the Administrative Agent, the Reference Lender, or the applicable Lender, as the case may be, with respect to clauses (i) and (iv) below shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto):

(i) on the second Business Day immediately preceding the making of any requested Eurodollar Advance, Core Currency Euro Advance or Individual Currency Loan that, by reason of any changes arising after the Effective Date affecting the applicable interbank market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of the Eurodollar Rate, the Core Currency Euro Rate or the Individual Currency Rate, as the case may be; or

(ii) at any time that such Lender has incurred increased costs or reductions in the amounts received or receivable hereunder with respect to any Fixed Rate Loan, in each case by an amount such Lender deems to be material, because of any change since the Effective Date (or in the case of any Bid Loan, subsequent to acceptance by a Borrower of such Bid Loan, and in the case of any Negotiated Rate Loan, subsequent to the date of such Lender's execution of the Negotiated Rate Confirmation for such Negotiated Rate Loan) in any law, rule, regulation, order or guideline applicable to such Lender or the compliance by such Lender with any request (whether or not having the force of law) from any Governmental Authority made subsequent to the Effective Date (or in the case of any Bid Loan, subsequent to acceptance by a Borrower of such Bid Loan, and, in the case of any Negotiated Rate Loan, subsequent to the date of such Lender's execution of the Negotiated Rate Confirmation for such Negotiated Rate Loan) or in the interpretation or administration thereof and including the introduction of any new law, rule, regulation, order, guideline or request, such as, for example, but not limited to: (A) a change in the basis of taxation of

payment to any Lender of the principal of or interest on such Fixed Rate Loan or any other amounts payable hereunder (except for changes in the rate of tax on, or determined by reference to, the Tax on the Income of such Lender), or (B) a change in official reserve (including any marginal, emergency, supplemental, special or other reserve) or similar requirements (except to the extent included in the computation of the respective Eurodollar Rate, the Core Currency Euro Rate, Swing Line Negotiated Rate, Negotiated Rate, Individual Currency Rate or Bid Rate, as the case may be), or any special deposit, assessment or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (or its Applicable Lending Office); or

(iii) at any time that the making or continuance of any Fixed Rate Loan has been made (x) unlawful by any law, rule, regulation or order or (y) impossible by compliance by any Lender in good faith with any governmental directive or request (whether or not having the force of law); or

(iv) at any time that any Core Currency (other than Dollars) or any Non-Core Currency, as the case may be, is not available in sufficient amounts, as determined in good faith by the Reference Lender in the case of such Core Currency, and by the applicable Lender in the case of such Non-Core Currency, to fund any borrowing of Alternate Currency Loans in such Core Currency or such Non-Core Currency, as the case may be;

then, and in any such event, such Lender, in the case of clause (ii) or (iii) above, or the Administrative Agent, the Reference Lender or the applicable Lender, as the case may be, in the case of clause (i) or (iv) above, shall promptly give notice (by telephone confirmed in writing) to the Parent (on behalf of all Borrowers) and, except for the Administrative Agent, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (w) in the case of clause (i) above, (A) in the event that Eurodollar Advances, Core Currency Euro Advances or Individual Currency Loans are so affected, Eurodollar Advances, Core Currency Euro Advances or Individual Currency Loans from such applicable Lender, as the case may be, shall no longer be available until such time as the Administrative Agent, the Reference Lender or such applicable Lender, as the case may be, notifies the Parent and the Lenders that the circumstances giving rise to such notice by the Administrative Agent, the Reference Lender or such applicable Lender, as the case may be, no longer exist, and any Notice of Borrowing or Notice of Conversion given by any Borrower with respect to Eurodollar Advances, Core Currency Euro Advances or Indi-

vidual Currency Loans to be made by such applicable Lender, as the case may be, which have not yet been incurred (including by way of conversion) shall be deemed rescinded by the applicable Borrower and (B) in the event that any Core Currency Euro Advance or Individual Currency Loan is so affected, the interest rate for such Core Currency Euro Advance or such Individual Currency Loan, as the case may be, shall be determined on the basis provided in the proviso to the definition of Core Currency Euro Rate or Individual Currency Rate, as the case may be, (x) in the case of clause (ii) above, the applicable Borrower shall pay to such Lender, within 3 days of written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its reasonable discretion shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Lender, showing the basis for the calculation thereof, submitted to such applicable Borrower by such Lender in good faith shall, absent manifest error, be final and conclusive and binding on all the parties hereto), (y) in the case of clause (iii) above, the applicable Borrower shall take one of the actions specified in Section 2.14(b) and (z) in the case of clause (iv) above, Core Currency Euro Advances in the affected Core Currency or Individual Currency Loans from the applicable Lender in the affected Non-Core Currency, as the case may be, shall no longer be available until such time as the Reference Lender or such applicable Lender, as the case may be, notifies the Parent (on behalf of all Borrowers), the Administrative Agent and the Lenders that the circumstances giving rise to the notice referred to above by the Reference Lender or such applicable Lender, as the case may be, to the Parent (on behalf of all Borrowers) and the Administrative Agent no longer exists, and any Notice of Borrowing given by the affected Borrower with respect to such Core Currency Euro Advances or such Individual Currency Loans, as the case may be, which have not yet been incurred shall be deemed rescinded by such affected Borrower. Each of the Administrative Agent, the Reference Lender and the Lenders agree that if it gives notice to any Borrower of any of the events described in clause (i), (iii) or (iv) above, it shall promptly notify the Parent (on behalf of all Borrowers) and, in the case of any such Lender and the Reference Lender, the Administrative Agent, if such event ceases to exist. If any such event described in clause (iii) above with respect to Eurodollar Advances, Core Currency Euro Advances or Individual Currency Loans ceases to exist as to a Lender, the obligations of such Lender, as the case may be, to make Eurodollar Advances, Core Currency Euro Advances or Individual Currency Loans and to convert Eurodollar Advances to new Eurodollar Advances or convert Core Currency Euro Advances to new Core Currency Euro Advances on the terms and conditions contained herein shall be reinstated.

(b) At any time that any Fixed Rate Loan is affected by the circumstances described in Section 2.14(a)(ii) or (iii), the applicable Borrower may (and in the case of an affected Fixed Rate Loan by the circumstances described in Section 2.14(a)(iii) shall) either (x) if the affected Fixed Rate Loan is then being made initially or pursuant to a conversion, cancel the respective borrowing or conversion by giving the Administrative Agent telephonic notice (confirmed in writing) on the same date that the Parent was notified by the affected Lender or the Administrative Agent pursuant to Section 2.14(a)(ii) or (iii) or (y) if the affected Fixed Rate Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent and the affected Lender, (A) in the case of a Eurodollar Advance, require the affected Lender to convert such Eurodollar Advance into an ABR Advance as of the end of the Interest Period then applicable to such Eurodollar Advance or, if earlier, as soon as practicable within the time required by law and (B) in the case of a Core Currency Euro Advance, Swing Line Negotiated Rate Advance, Negotiated Rate Loan, Individual Currency Loan or Bid Loan, take such action as the affected Lender may reasonably request with a view to minimizing the obligations of such Borrower under Section 2.15.

(c) If any Lender determines that after the Effective Date the introduction of or any change in any applicable law, rule, regulation, order, guideline, directive or compliance by such Lender or any corporation controlling such Lender with any request (whether or not having the force of law) from any Governmental Authority concerning capital adequacy, or any change in interpretation or administration thereof by any Governmental Authority, in each case made subsequent to the date hereof, will have the effect of reducing the rate of return on the capital required to be maintained by such Lender or any corporation controlling such Lender based on the existence of such Lender's Commitment or Individual Currency Commitments hereunder or its obligations under the Loan Documents to a level below that which such Lender or such corporation could have achieved but for such application or compliance (taking into account such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then each of the Borrowers to the extent of its Proportionate Share and the Parent severally agrees to pay such to such Lender, within 3 Business Days of its written demand therefor, such additional amounts as shall be required to compensate such Lender or such other corporation for the increased cost to such Lender or such other corporation or the reduction in the rate of return to such Lender or such other corporation as a result of such reduction. In determining such additional amounts, each Lender will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Lender's reasonable good faith determination of compensation owing under this

Section 2.14(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Lender, upon determining that any additional amounts will be payable pursuant to this Section 2.14(c), will give prompt written notice thereof to the Parent (on behalf of all Borrowers), which notice shall show the basis for calculation of such additional amounts.

(d) Each Lender shall notify the Parent (on behalf of all Borrowers) of any event occurring after the Effective Date entitling such Lender to compensation under this Section 2.14 as promptly as practicable, but in any event within 120 days after the officer having primary responsibility for this Agreement obtains actual knowledge thereof, provided that no such notice shall be required if such Lender has determined not to seek compensation under this Section 2.14 as a result of such event. Each Lender will furnish to each Borrower a certificate setting forth the basis and amount of each request by such Lender for compensation under this Section 2.14. Determinations and allocations by any Lender for purposes of this Section 2.14 on its costs or rate of return of maintaining Loans or its obligation to make Loans, or on amounts receivable by it in respect of Loans, and of the amounts required to compensate such Lender under this Section 2.14 shall be prima facie evidence of such determinations and allocations.

(e) Notwithstanding the foregoing, no Lender shall be entitled to any compensation described in Section 2.14 unless, at the time it requests such compensation, it is the policy or general practice of such Lender to request compensation for comparable costs in similar circumstances under comparable provisions of other credit agreements for comparable customers unless specific facts or circumstances applicable to any Borrower or the transactions contemplated by the Loan Documents would alter such policy or general practice, provided that nothing in this Section 2.14(e) shall preclude a Lender from waiving the collection of similar costs from one or more of its other customers.

(f) If any Lender fails to give the notice described in Section 2.14(d) within 90 days after it obtains such actual knowledge of the event required to be described in such notice, such Lender shall, with respect to any compensation that would otherwise be owing to such Lender under this Section 2.14, only be entitled to payment for increased costs incurred from and after the date that such Lender does give such notice.

0. Compensation

Each Borrower shall compensate each Lender, within 3 days of its written demand therefor (which demand shall set forth the basis for requesting such compensation), for all

reasonable losses, expenses and liabilities, including any loss, expense or liability (including those related to currency exchange) incurred by reason of the liquidation or re-employment of deposits or other funds required by such Lender to fund its Fixed Rate Loans but excluding any loss of anticipated profit which such Lender may sustain: (i) if for any reason, a borrowing of, or conversion from or into a Fixed Rate Loan does not occur on a date specified therefor in a Notice of Borrowing, a Notice of Conversion, a Negotiated Rate Confirmation or a Bid accepted by a Borrower; (ii) if any repayment (including any repayment made pursuant to Section 2.10 or as a result of an acceleration of the Loans pursuant to Section 9) or conversion of any of such Borrower's Fixed Rate Loans occurs on a date which is not the last day of an Interest Period with respect thereto; (iii) if any prepayment of any of such Borrower's Fixed Rate Loans is not made on any date specified in a notice of prepayment given by such Borrower; or (iv) as a consequence of (x) any other default by such Borrower to repay its Loans when required by the terms of this Agreement or (y) any election made pursuant to Section 2.14(b) or 11.1(b).

P. Change of Applicable Lending Office and Applicable Payment Office

(a) With respect to any Loan of any Lender or any Letter of Credit, such Lender agrees that on the occurrence of any event giving rise to the operation of Section 2.13, Section 2.14(a)(ii) or (iii), Section 2.14(c), Section 2.14(d) or Section 2.22 with respect to such Loan or such Letter of Credit, it will, if requested by the applicable Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another Applicable Lending Office or Applicable Payment Office, as the case may be, for such Loan or such Letter of Credit affected by such event, provided that such designation is made on such terms that such Lender and its Applicable Lending Office or Applicable Payment Office, as the case may be, suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of such Section. Nothing in this Section shall affect or postpone any of the obligations of any Borrower or the right of any Lender provided in Sections 2.13, 2.14, 2.15 and 2.22.

(b) Each Lender shall have the right at any time and from time to time to transfer any of its Loans to a different office, provided that such Lender shall promptly notify the Administrative Agent and the Parent (on behalf of all Borrowers) of any such change of office. Such office shall thereupon become such Lender's Applicable Lending Office for such Loan provided, however, that no such Lender shall be entitled to receive any greater amount under Section 2.13, Section 2.14(a)(ii) or (iii), Section 2.14(c) or Sec-

tion 2.22 as a result of a transfer of any such Loans to a different office of such Lender than it would be entitled to immediately prior thereto unless such claim would have arisen even if such transfer had not occurred.

Q. Survival of Certain Obligations

The obligations of the Borrowers under Sections 2.13, 2.14, 2.15, 2.22, 11.5 and 11.10 shall survive the termination of the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments, the Letter of Credit Commitment the payment of the Loans, the reimbursement obligations in respect of the Letters of Credit and all other amounts payable under the Loan Documents.

R. Use of Proceeds

The proceeds of the Loans shall be used to refinance the Indebtedness set forth on Schedule 5.8 and for general corporate purposes of the Parent and its Subsidiaries. The uses to which the proceeds of the Loans are put shall conform with the provisions of Section 4.11.

S. Letter of Credit Sub-Facility

(a) Subject to the terms and conditions of this Agreement, the Issuing Bank agrees, in reliance on the agreement of the other Lenders set forth in Section 2.20, to issue standby letters of credit in Core Currencies (the "Letters of Credit"; each a "Letter of Credit") during the Commitment Period for the account of one or more of the Letter of Credit Applicants, provided, however, that, at the request of any Letter of Credit Applicant, the Issuing Bank may, in its sole discretion, issue one or more Letters of Credit for the account of such Letter of Credit Applicant in one or more Non-Core Currencies. The Letter of Credit Exposure at any one time outstanding shall not exceed the lesser of (i) the amount of the Letter of Credit Commitment and (ii) the excess, if any, of the sum of the Aggregate Commitments over the sum of the aggregate outstanding principal amount of all Loans (determined on the basis of the Dollar Equivalent for each outstanding Alternate Currency Loan). The Letter of Credit Exposure at any one time outstanding attributable to all Letters of Credit issued in Non-Core Currencies shall not exceed the excess, if any, of \$60,000,000 over the Aggregate Credit Exposure at such time attributable to all Loans designated in Non-Core Currencies. The sum of the aggregate principal amount of the Individual Currency Loans of all Lenders at any one time outstanding in any Non-Core Currency and the Letter of Credit Exposure at such time attributable to all Letters of Credit issued in such Non-Core Currency (determined on the basis of the Dollar Equivalent of each such Individual Currency Loan and each such Letter of Credit) shall not exceed \$5,000,000. Each Letter of Credit shall

have an expiration date which shall not exceed the earlier of (x) twelve months from the date of issuance thereof and (y) 30 days immediately preceding the Maturity Date. No Letter of Credit shall be issued, and no amendment to any Letter of Credit shall be issued which would increase the stated amount or extend the expiration date of such Letter of Credit, (i) if the Administrative Agent or any Lender by notice to the Administrative Agent and the applicable Letter of Credit Applicant and the Parent no later than 1:00 P.M. one Business Day prior to the requested date of issuance of such Letter of Credit or amendment, shall have determined that any of the applicable conditions set forth in Sections 5 and 6 have not been satisfied and such conditions remain unsatisfied as of the requested time of issuing such Letter of Credit or amendment or (ii) to the extent that immediately after giving effect thereto the Aggregate Credit Exposure would exceed the Aggregate Commitments (each a "Non-Issuance Event").

(b) Each Letter of Credit shall be issued for the account of the applicable Letter of Credit Applicant for general corporate purposes of such Letter of Credit Applicant and its Subsidiaries. Such Letter of Credit Applicant and the Parent shall give the Administrative Agent a Letter of Credit Request for the issuance of such Letter of Credit by 11:00 A.M. three Business Days prior to the requested date of issuance. Such Letter of Credit Request shall be executed by such Letter of Credit Applicant and the Parent, and shall specify (i) the beneficiary of such Letter of Credit and the obligations of such Letter of Credit Applicant or any of its Subsidiaries, as the case may be, in respect of which such Letter of Credit is to be issued, (ii) such Letter of Credit Applicant's proposal as to the conditions under which a drawing may be made under such Letter of Credit and the documentation to be required in respect thereof, (iii) the maximum amount to be available under such Letter of Credit, (iv) the requested date of issuance and (v) the applicable Currency. Upon receipt of such Letter of Credit Request from such Letter of Credit Applicant and the Parent, the Administrative Agent shall promptly notify the Issuing Bank and each other Lender thereof. Each Letter of Credit shall be in form and substance reasonably satisfactory to the Issuing Bank, and adequate and fair means in the sole discretion of the Issuing Bank shall exist for the issuance thereof, with such provisions with respect to the conditions under which a drawing may be made thereunder and the documentation required in respect of such drawing as the Issuing Bank shall reasonably require and as may be acceptable to such Letter of Credit Applicant and the Parent. Such Letter of Credit shall be used solely for the purposes described therein and herein. The Issuing Bank shall, on the proposed date of issuance and subject to the other terms and conditions of this Agreement, issue such Letter of Credit.

(c) Each payment by the Issuing Bank of a draft

drawn under a Letter of Credit designated in a Core Currency shall give rise to an obligation on the part of the applicable Letter of Credit Applicant to reimburse the Issuing Bank immediately for the amount thereof at its Applicable Payment Office in such Core Currency.

(d) Each payment by the Issuing Bank of a draft drawn under a Letter of Credit designated in a Non-Core Currency shall give rise to an obligation on the part of the applicable Letter of Credit Applicant to reimburse the Issuing Bank immediately for the amount thereof in Dollars, at such office as the Issuing Bank shall designate to the Administrative Agent, the Parent and such Letter of Credit Applicant, in an amount based upon the all-in cost of funds in Dollars of the Issuing Bank to fund such draft (each a "Dollar Reimbursement Amount"). In connection with each obligation of a Letter of Credit Applicant to pay a Dollar Reimbursement Amount under this Section 2.19(d), the Issuing Bank shall deliver to such Letter of Credit Applicant, the Parent and the Administrative Agent a written statement setting forth such Dollar Reimbursement Amount. The Issuing Bank's determination of such Dollar Reimbursement Amount shall be conclusive absent manifest error.

T. Letter of Credit Participation and Funding Commitments

(a) Each Lender hereby unconditionally and irrevocably, severally for itself only and without any notice to or the taking of any action by such Lender, takes from time to time an undivided participating interest in the obligations of the Issuing Bank under and in connection with each Letter of Credit in an amount equal to such Lender's Availability Percentage at such time of the amount of such Letter of Credit. Each Lender from time to time shall be liable to the Issuing Bank for its Availability Percentage at such time of the unreimbursed amount of any draft drawn and honored under each Letter of Credit. Each Lender from time to time shall also be liable for an amount equal to the product of its Availability Percentage at such time and any amounts paid by the applicable Letter of Credit Applicant pursuant to Section 2.21 that are subsequently rescinded or avoided, or must otherwise be restored or returned. Such liabilities shall be unconditional and without regard to the occurrence of any Default or Event of Default or the compliance by the Parent and the Borrowers with any of their respective obligations under the Loan Documents or any other circumstances.

(b) The Administrative Agent will promptly notify each Lender (which notice shall be promptly confirmed in writing) of the date and the amount of any draft presented under any Letter of Credit with respect to which full reimbursement of payment is not made by the applicable Letter of

Credit Applicant as provided in Sections 2.19(c) or 2.19(d), as the case may be, and forthwith upon receipt of such notice, and provided that no Non-Issuance Event shall have occurred and be continuing with respect to such Letter of Credit, such Lender (other than the Issuing Bank in its capacity as a Lender) shall make available to the Administrative Agent for the account of the Issuing Bank its Availability Percentage at such time of the amount of such unreimbursed draft or, if such Letter of Credit is designated in a Non-Core Currency, the applicable Dollar Reimbursement Amount, at the Applicable Payment Office of the Administrative Agent in the applicable Core Currency or, if such Letter of Credit is designated in a Non-Core Currency, at the applicable office designated by the Administrative Agent pursuant to Section 2.19(d) in Dollars, and, in each case, in immediately available funds. The Administrative Agent shall distribute the payments made by each Lender (other than the Issuing Bank in its capacity as a Lender) pursuant to the immediately preceding sentence to the Issuing Bank promptly upon receipt thereof in like funds as received. Each Lender shall indemnify and hold harmless the Administrative Agent and the Issuing Bank from and against any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, costs and expenses (including reasonable attorneys' fees and expenses) resulting from any failure on the part of such Lender to provide, or from any delay in providing, the Administrative Agent with such Lender's Availability Percentage of the amount of any payment made by the Issuing Bank under a Letter of Credit in accordance with this clause (b) above (except in respect of losses, liabilities or other obligations suffered by the Issuing Bank resulting from the gross negligence or willful misconduct of the Issuing Bank or the Administrative Agent, as the case may be). If a Lender does not make available to the Administrative Agent when due such Lender's Availability Percentage at such time of any unreimbursed payment made by the Issuing Bank under a Letter of Credit (other than payments made by the Issuing Bank by reason of its gross negligence or willful misconduct), such Lender shall be required to pay interest to the Administrative Agent for the account of the Issuing Bank on such Lender's Availability Percentage at such time of such payment at a rate of interest per annum equal to the Federal Funds Rate (or, in the case of any Letter of Credit designated in a Core Currency (other than Dollars), at a rate based upon the all-in cost of funds for the applicable Non-Core Currency) from the date such Lender's payment is due until the date such payment is received by the Administrative Agent. The Administrative Agent shall distribute such interest payments to the Issuing Bank upon receipt thereof in like funds as received.

(c) Whenever the Administrative Agent or the Issuing Bank is reimbursed by any Letter of Credit Applicant, for the account of the Issuing Bank, for any payment under a Let-

ter of Credit and such payment relates to an amount previously paid by a Lender in respect of its Availability Percentage of the amount of such payment under such Letter of Credit, the Administrative Agent or the Issuing Bank, as the case may be, will promptly pay over such payment to such Lender.

U. Absolute Obligation with respect to Letter of Credit Payments

The obligation of each Letter of Credit Applicant to reimburse the Administrative Agent for the account of the Issuing Bank in respect of each Letter of Credit issued for the account of such Letter of Credit Applicant for each payment under or in respect of such Letter of Credit shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which such Letter of Credit Applicant or any of its Subsidiaries may have or have had against the beneficiary of such Letter of Credit, the Administrative Agent, the Issuing Bank, as issuer of such Letter of Credit, any Lender, the Swing Line Lender or any other Person, including any defense based on the failure of any drawing to conform to the terms of such Letter of Credit, any drawing document proving to be forged, fraudulent or invalid, or the legality, validity, regularity or enforceability of such Letter of Credit.

V. Increased Costs Based on Letters of Credit

Without limiting the provisions of Section 2.14, if any law, rule, regulation, order, guideline or request or any change in the interpretation or application thereof by any Governmental Authority charged with the administration thereof or GAAP shall either (a) impose, modify or make applicable any reserve, special deposit, assessment or similar requirement against any Letter of Credit issued or participated in by any Lender, or (b) impose on the Administrative Agent, the Issuing Bank or such Lender, as the case may be, any other condition regarding such Letter of Credit (except for imposition of, or changes in the rate of, the Tax on the Income of the Administrative Agent, the Issuing Bank or such Lender, as the case may be) and the result of any event referred to in clause (a) or (b) above shall be to increase the cost to the Issuing Bank (or any successor thereto as issuer of such Letter of Credit) of issuing or maintaining such Letter of Credit or the cost to any Lender of its obligations pursuant to Section 2.20, or the cost to the Administrative Agent of performing its functions hereunder with respect to such Letter of Credit, in any case by an amount which the Administrative Agent, the Issuing Bank or such Lender, as the case may be, deems material, then, upon demand by the Administrative Agent, the Issuing Bank or such Lender, as the case may be, the applicable Letter of Credit Applicant shall immediately pay to the Administrative Agent, the Issuing Bank

or such Lender, as the case may be, from time to time as specified by the Administrative Agent, the Issuing Bank or such Lender, as the case may be, additional amounts which shall be sufficient to compensate the Administrative Agent, the Issuing Bank or such Lender, as the case may be, for such increased cost. A statement in reasonable detail as to such increased cost incurred by the Administrative Agent, the Issuing Bank or such Lender, as the case may be, as a result of any event mentioned in clauses (a) or (b) above, submitted by the Administrative Agent, the Issuing Bank or such Lender, as the case may be, to such Letter of Credit Applicant shall be conclusive, absent manifest error, as to the amount thereof.

W. Borrower Addenda

Provided that no Default or Event of Default has occurred and is continuing, the Parent may direct that any of its wholly-owned Subsidiaries which is not then a Borrower become a Borrower by submitting a Borrower Addendum to the Administrative Agent with respect to such Subsidiary duly executed by each of the Parent and such Subsidiary together with a certificate, dated the date of such Borrower Addendum of the Secretary or Assistant Secretary of such Subsidiary (i) attaching a true and complete copy of the resolutions of its Board of Directors and of all documents evidencing other necessary corporate action (in form and substance satisfactory to the Administrative Agent) taken by it to authorize such Borrower Addendum, the Loan Documents and the transactions contemplated thereby, (ii) attaching a true and complete copy of its certificate of incorporation, by-laws or other organizational documents, (iii) setting forth the incumbency of its officer or officers who may sign the Borrower Addendum, including therein a signature specimen of such officer or officers, (iv) an opinion of foreign local counsel to such Subsidiary in all respects reasonably satisfactory to the Administrative Agent and (v) attaching a certificate of good standing (or equivalent) issued by the jurisdiction of its incorporation. If any such document is not in English, such document shall be accompanied by a certified English translation thereof. Upon receipt of a Borrower Addendum and the supporting documentation referred to above, the Administrative Agent shall confirm such Borrower Addendum by signing a copy thereof and shall deliver a copy thereof to the Parent and each Lender. Thereupon the Subsidiary which executed such Borrower Addendum shall become a "Borrower" hereunder. In the event that such additional Borrower is not a corporation organized under the laws of a jurisdiction in which any other Borrower is organized (and whose principal office is not located in a jurisdiction in which any other Borrower's principal office is located), this Agreement and the other Loan Documents will be deemed amended by adding definitions comparable to the definitions applicable to each other Subsidiary Borrower, such definitions to be as set forth in the applicable Borrower Addendum.

X. Records

(a) Lender's Records. Each Lender will note on its internal records with respect to each Loan made by it (i) the date and amount of such Loan, (ii) whether such Loan is a Revolving Loan, Swing Line Loan, Individual Currency Loan, Negotiated Rate Loan or Bid Loan, (iii) the identity of the Borrower to whom such Loan was made, (iv) the interest rate (other than in the case of an ABR Advance), Individual Currency Rate, Negotiated Rate or Bid Rate and Interest Period, if applicable, applicable to such Loan and (v) each payment and prepayment of the principal thereof.

(b) Administrative Agent's Records. The Administrative Agent shall keep records regarding the Loans, the Letters of Credit and this Agreement in accordance with its customary procedures for agent credits.

(c) Prima Facie Evidence. The entries made in the records maintained pursuant to subsections (a) and (b) above shall, to the extent not prohibited by applicable law, be prima facie evidence of the existence and amount of the obligations of the Parent and each Borrower recorded therein; provided, however, that the failure of the Administrative Agent or any Lender, as the case may be, to make any notation on its records shall not affect the Parent's or the respective Borrower's obligations in respect of the Loans, the Letters of Credit or the Loan Documents.

Y. Replacement of Lender

If (i) any Borrower is obligated to pay to any Lender any amount under Section 2.13(a), (b) or (c) and such payment is attributable solely to any change since the Effective Date (in the case of each Lender listed on the signature pages hereof) or since the effective date of the Assignment and Acceptance Agreement pursuant to which it became a Lender (in the case of each other Lender) in any applicable law, rule, regulation, order, directive, treaty or guideline (whether or not having the force of law) or in the interpretation or administration thereof (including the introduction of any new law, rule, regulation, order, directive, treaty or guideline), (ii) any Lender shall have failed to make available a Loan on the date on which and in the amount in which it was obligated to do so and shall not have cured such failure within three Business Days or (iii) any Lender shall have demanded any payment under Section 2.14 or excused itself from funding a Loan pursuant to Section 2.14, the Company shall have the right, in accordance with the requirements of Section 11.7(b), if no Default or Event of Default shall exist to replace up to two such Lenders (each a "Replaced Lender") with one or more other assignees (each, a "Replacement Lender"), reasonably acceptable to the Swing Line Lender and the Issuing Bank, provided that (I) at

the time of any replacement pursuant to this Section, the Replacement Lender shall enter into one or more Assignment and Acceptance Agreements pursuant to Section 11.7(b) (with the Assignment Fee payable pursuant to said Section 11.7(b) to be paid by the Replacement Lender) pursuant to which the Replacement Lender shall acquire all of the Commitments and outstanding Loans of, and in each case participations in Letters of Credit by, the Replaced Lender and, in connection therewith, shall pay to (w) the Replaced Lender in respect thereof an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Replaced Lender, (B) an amount equal to all drawings on all Letters of Credit that have been funded by (and not reimbursed to) such Replaced Lender, together with all then unpaid interest with respect thereto at such time and (C) an amount equal to all accrued, but theretofore unpaid, fees owing to the Replaced Lender pursuant to Sections 3.1 and 3.2, (x) the Issuing Bank an amount equal to such Replaced Lender's Commitment Percentage of all drawings (which at such time remains an unpaid drawing) to the extent such amount was not theretofore funded by such Replaced Lender, (y) the Swing Line Lender an amount equal to such Replaced Lender's Commitment Percentage of any Mandatory Borrowing to the extent such amount was not theretofore funded by such Replaced Lender and (z) the Administrative Agent an amount equal to all amounts owed by such Replaced Lender to the Administrative Agent under this Agreement, including, without limitation, an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Replaced Lender, a corresponding amount of which was made available by the Administrative Agent to the applicable Borrower(s) pursuant to Section 2.4(e) and which has not been repaid to the Administrative Agent by such Replaced Lender or the applicable Borrower(s) and (II) all obligations of the Borrowers owing to the Replaced Lender (other than those specifically described in clause (I) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Lender concurrently with such replacement. Upon the execution of the respective Assignment and Acceptance Agreements and the payment of amounts referred to in clauses (i) and (ii) of this Section 2.25, the Replacement Lender shall become a Lender hereunder and the Replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 2.13, 2.14, 2.15, 2.22, 11.5 and 11.10), which shall survive as to such Replaced Lender.

III. FEES

A. Facility Fee

The Parent agrees to pay to the Administrative Agent, for the account of the Lenders in accordance with each Lender's Commitment Percentage, a fee (the "Facility Fee"), for each day from and after the Effective Date, equal to the product of (x) the Aggregate Commitments in effect as at the end of such day or, if no Commitments then exist, the Aggregate Commitments on the last day on which Commitments did exist, and (y) the applicable percentage set forth below based upon the Pricing Level in effect as at the end of such day:

Pricing Level -----	Facility Fee Percentage -----
Pricing Level I	0.1000%
Pricing Level II	0.1500
Pricing Level III	0.1750
Pricing Level IV	0.2000
Pricing Level V	0.3000.

The Facility Fee shall be (i) calculated on the basis of a 360-day year for the actual number of days elapsed, (ii) payable quarterly in arrears on each Quarterly Payment Date, commencing on the first such day following the Effective Date, and on the date that the Aggregate Commitments shall expire or otherwise terminate (or in the event that the Aggregate Commitments have expired or otherwise terminated, on the date that the Aggregate Credit Exposure has been reduced to \$0).

B. Letter of Credit Commissions

The Parent agrees to pay to the Administrative Agent, for the account of the Lenders, commissions (the "Letter of Credit Commissions") with respect to the issued and outstanding Letters of Credit, for each day from and after the Effective Date, equal to, with respect to each Lender, the product of (x) the Letter of Credit Exposure as at the end of such day and (y) the Availability Percentage of such Lender as at the end of such day multiplied by (z) the applicable percentage set forth below based upon the Pricing Level in effect as at the end of such day:

Pricing Level -----	Letter of Credit Commission Percentage -----
------------------------	--

Pricing Level I	0.2000%
Pricing Level II	0.2700%
Pricing Level III	0.2750%
Pricing Level IV	0.4000%
Pricing Level V	0.4000%

The Letter of Credit Commissions shall be (i) calculated on the basis of a 360-day year for the actual number of days elapsed, (ii) payable quarterly in arrears on each Quarterly Payment Date and on the date that the Letter of Credit Commitments shall expire and the Letter of Credit Exposure is \$0, and (iii) nonrefundable.

C. Administrative Agent's and Issuing Bank's Fees

(a) The Parent agrees to pay to the Administrative Agent, for its own account, such other fees as have been agreed to in writing from time to time by the Parent and the Administrative Agent.

(b) The Parent agrees to pay to the Issuing Bank, for its own account, such other fees as have been agreed to in writing from time to time by the Parent and the Issuing Bank.

IV. REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans, the Swing Line Lender to make the Swing Line Loans and the Lenders to participate therein, and the Issuing Bank to issue the Letters of Credit and the Lenders to participate therein, the Parent and the Borrowers make the following representations and warranties to the Administrative Agent, the Issuing Bank, the Swing Line Lender and the Lenders:

A. Subsidiaries; Capital Stock

As of the date of this Agreement, the Parent has only the Subsidiaries set forth on, and the authorized, issued and outstanding capital stock of the Parent and each such Subsidiary (or partnership or other interests, as the case may be) is as set forth on, Schedule 4.1. The shares of, or partnership or other interests in, each Subsidiary of the Parent are owned beneficially and of record by the Parent or another Subsidiary of the Parent, are free and clear of all Liens except as otherwise permitted by Section 8.3, and are duly authorized, validly issued, fully paid and nonassessable except, in the case of any Subsidiary organized under the laws of the State of New York, for any liability that may arise under the provisions of Section 630 of the Business Corporation Law of the State of New York. As of the

date of this Agreement, except as set forth on Schedule 4.1, (a) neither the Parent nor any of its Subsidiaries has issued any securities convertible into, or options or warrants for, any common or preferred equity securities thereof, (b) there are no agreements, voting trusts or understandings binding upon the Parent or any of its Subsidiaries with respect to the voting securities of the Parent or any of its Subsidiaries or affecting in any manner the sale, pledge, assignment or other disposition thereof, including any right of first refusal, option, redemption, call or other right with respect thereto, whether similar or dissimilar to any of the foregoing, and (c) the Parent owns, directly or indirectly, all of the outstanding capital stock of each of its Subsidiaries.

B. Existence and Power

Each of the Parent and each of its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, has all requisite power and authority to own its Property and to carry on its business as now conducted, and is in good standing and authorized to do business in each jurisdiction in which the failure so to qualify could reasonably be expected to have a Material Adverse effect.

C. Authority

Each of the Parent and each of its Subsidiaries has full power and authority to enter into, execute, deliver and perform the terms of the Loan Documents to which it is a party, all of which have been duly authorized by all proper and necessary corporate or partnership action, as the case may be, and are in full compliance with its certificate of incorporation and by-laws or partnership agreement, as the case may be. No consent or approval of, or other action by, shareholders of the Parent, any Borrower, any Governmental Authority or any other Person, which has not already been obtained, is required to authorize in respect of the Parent or any of its Subsidiaries, or is required in connection with the execution, delivery and performance by the Parent and each of its Subsidiaries of, the Loan Documents to which it is a party, or is required as a condition to the enforceability against the Parent or such Subsidiary of the Loan Documents to which it is a party.

D. Binding Agreement

The Loan Documents constitute the valid and legally binding obligations of the Parent and each of its Subsidiaries to the extent the Parent or such Subsidiary, as the case may be, is a party thereto, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency,

reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles relating to the availability of specific performance as a remedy and except to the extent that indemnification obligations may be limited by federal or state securities laws or public policy relating thereto.

E. Litigation

Except as set forth on Schedule 4.5, there are no actions, suits, arbitration proceedings or claims (whether purportedly on behalf of the Parent, any of its Subsidiaries or otherwise) pending or, to the knowledge of the Parent and the Borrowers, threatened against the Parent or any of its Subsidiaries, or maintained by the Parent or any of its Subsidiaries, or which may affect the Property of the Parent or any of its Subsidiaries, at law or in equity, before any Governmental Authority which could reasonably be expected to have a Material Adverse effect. There are no proceedings pending or, to the knowledge of the Parent and the Borrowers, threatened against the Parent or any of its Subsidiaries (a) which call into question the validity or enforceability of, or otherwise seek to invalidate any Loan Document, or (b) which might, individually or in the aggregate, materially and adversely affect any of the transactions contemplated by any Loan Document.

F. No Conflicting Agreements

(a) Neither the Parent nor any of its Subsidiaries is in default under any agreement to which it is a party or by which it or any of its Property is bound the effect of which could reasonably be expected to have a Material Adverse effect. No notice to, or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Parent or any of its Subsidiaries of the Loan Documents to which it is a party (except those notices or filings which have already been made).

(b) No provision of any statute, rule, regulation, judgment, decree or order, or any existing material mortgage, indenture, contract or agreement, in each case binding on the Parent or any of its Subsidiaries or affecting the Property of the Parent or any of its Subsidiaries conflicts with, or requires any consent which has not already been obtained under, or would in any way prohibit the execution, delivery or performance by the Parent or any of its Subsidiaries of the terms of, any Loan Document. The execution, delivery or performance by the Parent and each of its Subsidiaries of the terms of each Loan Document to which it is a party will not constitute a default under, or result in the creation or imposition of, or obligation to create, any Lien upon the Property of the Parent or any of its Subsidiaries pursuant to the terms of any such mortgage, indenture, contract or

agreement which defaults or Liens, individually or in the aggregate, would have or result in a Material Adverse effect.

G. Taxes

The Parent and each of its Subsidiaries has filed or caused to be filed all tax returns, and has paid, or has made adequate provision for the payment of, all taxes shown to be due and payable on said returns or in any assessments made against them, the failure of which to file or pay could reasonably be expected to have a Material Adverse effect, and no tax Liens have been filed against the Parent or any of its Subsidiaries and no claims are being asserted with respect to such taxes which are required by GAAP (as in effect on the Effective Date) to be reflected in the Financial Statements and are not so reflected therein. The charges, accruals and reserves on the books of the Parent and each of its Subsidiaries with respect to all Federal, state, local, foreign and other taxes are considered by the management of the Parent and the Borrowers to be adequate, and neither the Parent nor any Borrower knows of any unpaid assessment which is or might be due and payable against it or any of its Subsidiaries or any Property of the Parent or any of its Subsidiaries, except such thereof as are being contested in good faith and by appropriate proceedings diligently conducted, and for which adequate reserves have been set aside in accordance with GAAP.

H. Compliance with Applicable Laws; Filings

Neither the Parent nor any of its Subsidiaries is in default with respect to any judgment, order, writ, injunction, decree or decision of any Governmental Authority which default could reasonably be expected to have a Material Adverse effect. The Parent and each of its Subsidiaries is complying with all applicable statutes, rules and regulations of all Governmental Authorities, a violation of which could reasonably be expected to have a Material Adverse effect. The Parent and each of its Subsidiaries has filed or caused to be filed with all Governmental Authorities all reports, applications, documents, instruments and information required to be filed pursuant to all applicable laws, rules, regulations and requests which, if not so filed, could reasonably be expected to have a Material Adverse effect. Each Borrower, prior to each borrowing by it hereunder in any jurisdiction, has obtained all necessary approvals and consents of, and has filed or caused to be filed all reports, applications, documents, instruments and information required to be filed pursuant to all applicable laws, rules, regulations and requests of, all Governmental Authorities in connection with such borrowing in such jurisdiction.

I. Governmental Regulations

Neither the Parent nor any of its Subsidiaries nor any corporation controlling the Parent or any of its Subsidiaries or under common control with the Parent or any of its Subsidiaries is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940, in each case as amended, or is subject to any statute or regulation which regulates the incurrence of Indebtedness, including statutes or regulations relative to common or contract carriers or to the sale of electricity, gas, steam, water, telephone, telegraph or other public utility services.

J. Property

Each of the Parent and each of its Subsidiaries has good and marketable title to, or a valid leasehold interest in, all of its real Property, and is the owner of, or has a valid lease of, all personal property, in each case which is material to the Parent and its Subsidiaries taken as a whole, subject to no Liens, except such Liens permitted by Section 8.3. All leases of Property to each of the Parent and each of its Subsidiaries are in full force and effect, the Parent or such Subsidiary enjoys quiet and undisturbed possession under all leases of real property and neither the Parent nor any of its Subsidiaries is in default beyond any applicable grace period of any provision thereof, the effect of which could reasonably be expected to have a Material Adverse effect.

K. Federal Reserve Regulations; Use of Loan Proceeds

Neither the Parent nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans or any Letter of Credit will be used, directly or indirectly, for a purpose which violates the provisions of Regulations G, T, U or X of the Board of Governors of the Federal Reserve System, as amended. Anything in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Parent or any of its Subsidiaries in violation of any limitation or prohibition provided by any applicable law, regulation or statute, including Regulation U of the Board of Governors of the Federal Reserve System.

L. No Misrepresentation

No representation or warranty contained in any Loan Document and no certificate, Financial Statement, other financial statement or written notice furnished or to be furnished by the Parents or any of its Subsidiaries in connection with the transactions contemplated hereby, contains or will contain, as of its date, a misstatement of material

fact, or omits or will omit to state, as of its date, a material fact required to be stated in order to make the statements therein contained not misleading in the light of the circumstances under which made.

M. Plans

(a) Each Employee Benefit Plan of the Parent, each of its Subsidiaries and each ERISA Affiliate is in compliance with ERISA and the Code, where applicable, in all material respects. The amount of (a) all Unfunded Pension Liabilities under the Pension Plans, excluding any Pension Plan which is a Multiemployer Plan, does not exceed \$2,000,000, and (b) the aggregate Unrecognized Retiree Welfare Liability under all applicable Employee Benefit Plans does not exceed \$2,000,000. The Parent, each of its Subsidiaries and each ERISA Affiliate have complied with the requirements of Section 515 of ERISA with respect to each Pension Plan which is a Multiemployer Plan. The aggregate potential annual withdrawal liability payments, as determined in accordance with Title IV of ERISA, for which the Parent, each of its Subsidiaries and each ERISA Affiliate would become obligated in the event of a complete or partial withdrawal from all Pension Plans which are Multiemployer Plans does not exceed \$2,000,000. The Parent, each of its Subsidiaries and each ERISA Affiliate has made all contributions or payments to or under each such Pension Plan required by law or the terms of such Pension Plan or any contract or agreement where the failure to make such contributions or payments could reasonably be expected to have a Material Adverse effect. No liability to the PBGC has been, or is expected by the Parent, any of its Subsidiaries or any ERISA Affiliate to be, incurred by the Parent, any of its Subsidiaries or any ERISA Affiliate where such liability could reasonably be expected to have a Material Adverse effect. Liability, as referred to in this Section 4.13, includes any joint and several liability. Each Employee Benefit Plan which is a group health plan within the meaning of Section 5000(b)(1) of the Code is in material compliance with the continuation of health care coverage requirements of Section 4980B of the Code.

(b) All contributions required to be made with respect to each Foreign Pension Plan have been timely made. Each Foreign Pension Plan has been maintained in compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders and has been maintained, where required, in good standing with applicable Governmental Authorities. Neither the Parent nor any of its Subsidiaries has incurred any obligation in connection with the termination of or withdrawal from any Foreign Pension Plan. The present value of the accrued benefit liabilities (whether or not vested) under each Foreign Pension Plan required to be funded, determined as of the end of the most recently ended fiscal year on the basis

of actuarial assumptions, each of which is reasonable, did not exceed the current value of the assets of such Foreign Pension Plan allocable to such benefit liabilities by more than the foreign exchange equivalent (based on the applicable spot exchange rate) of \$2,000,000.

N. Environmental Matters

Neither the Parent nor any of its Subsidiaries (a) has received written notice or otherwise learned of any claim, demand, action, event, condition, report or investigation indicating or concerning any potential or actual liability which individually or in the aggregate could reasonably be expected to have a Material Adverse effect, arising in connection with (i) any non-compliance with or violation of the requirements of any applicable federal, state, local or foreign environmental health or safety statute or regulation, or (ii) the release or threatened release of any toxic or hazardous waste, substance or constituent, or other substance into the environment, (b) to the best knowledge of the Parent and the Borrowers, has any threatened or actual liability in connection with the release or threatened release of any toxic or hazardous waste, substance or constituent, or other substance into the environment which individually or in the aggregate could reasonably be expected to have a Material Adverse effect, (c) has received notice of any federal, state, local or foreign investigation evaluating whether any remedial action is needed to respond to a release or threatened release of any toxic or hazardous waste, substance or constituent or other substance into the environment for which the Parent or any of its Subsidiaries is or would be liable, which liability would reasonably be expected to have a Material Adverse effect, or (d) has received notice that the Parent or any of its Subsidiaries is or may be liable to any Person under the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. Section 9601 et seq., or any analogous state, local or foreign law, which liability would reasonably be expected to have a Material Adverse effect. The Parent and each of its Subsidiaries is in compliance with the financial responsibility requirements of federal, state, local and foreign environmental laws to the extent applicable, including those contained in 40 C.F.R., parts 264 and 265, subpart H, and any analogous federal, state, local or foreign law, except in those cases in which the failure so to comply would not reasonably be expected to have a Material Adverse effect.

O. Financial Statements

The Parent has heretofore delivered to the Administrative Agent and the Lenders copies of its Form 10-K for the fiscal year ended January 31, 1995, containing the audited Consolidated Balance Sheets of the Parent and its Sub-

sidiaries as of such date and the related Consolidated Statements of Income, Stockholders' Equity and Cash Flows for the fiscal year then ended (collectively, with the applicable related notes and schedules, the "Financial Statements"). The Financial Statements fairly present the Consolidated financial condition and results of the operations of the Parent and its Subsidiaries as of the dates and for the periods indicated therein and have been prepared in conformity with GAAP as then in effect subject, in the case of interim Financial Statements, to normal year-end adjustments. Neither the Parent nor any of its Subsidiaries has any obligation or liability of any kind (whether fixed, accrued, contingent, unmatured or otherwise) which, in accordance with GAAP as then in effect, should have been disclosed in the Financial Statements and was not. Since January 31, 1995, there has been no Material Adverse change.

P. Franchises, Intellectual Property, Etc.

Each of the Parent and each of its Subsidiaries possesses or has the right to use all franchises, Intellectual Property, licenses and other rights as are material and necessary for the conduct of its business, and with respect to which it is in compliance, with no known conflict with the valid rights of others which could reasonably be expected to have a Material Adverse effect. No event has occurred which permits or, to the best knowledge of the Parent and the Borrowers, after notice or the lapse of time or both, or any other condition, could reasonably be expected to permit, the revocation or termination of any such franchise, Intellectual Property, license or other right which revocation or termination could reasonably be expected to have a Material Adverse effect.

Q. Labor Relations

Except as set forth on Schedule 4.17, neither the Parent nor any of its Subsidiaries is a party to any collective bargaining agreement and, to the best knowledge of the Parent and the Borrowers, no petition has been filed or proceedings instituted by any employee or group of employees with any labor relations board seeking recognition of a bargaining representative with respect to the Parent or such Subsidiary. There are no material controversies pending between the Parent or any of its Subsidiaries and any of their respective employees, which could reasonably be expected to have a Material Adverse effect.

V. CONDITIONS OF LENDING - LOANS ON THE FIRST BORROWING DATE

In addition to the requirements set forth in Section 6, the obligation of each Lender to make one or more Loans, the

obligation of the Swing Line Lender to make one or more Swing Line Loans and the obligation of the Issuing Bank to issue one or more Letters of Credit, on the first Borrowing Date (which shall not occur prior to the Effective Date) is subject to the fulfillment of the following conditions prior to or simultaneously with the making of such Loans or the issuance of such Letters of Credit:

A. Evidence of Corporate Action

The Administrative Agent shall have received a certificate, dated the first Borrowing Date, of the Secretary or Assistant Secretary of each Credit Party (i) attaching a true and complete copy of the resolutions of its Board of Directors and of all documents evidencing all necessary corporate action (in form and substance reasonably satisfactory to the Administrative Agent) taken by it to authorize the Loan Documents to which it is a party and the transactions contemplated thereby, (ii) attaching a true and complete copy of its organizational documents, (iii) setting forth the incumbency of its officer(s) who may sign such Loan Documents, including therein a signature specimen of such officer(s), and (iv) attaching a certificate of good standing of the Secretary of State of the State of its incorporation and each of the jurisdictions listed on Schedule 5.1, in each case to the extent such certificate of good standing is available.

B. Guaranty

Each of the Parent, Tiffany, Tiffany International and Tiffany Japan shall have delivered to the Administrative Agent a guaranty, dated as of the date hereof, executed by such Credit Party and in the form of Exhibit N (as the same may be amended, supplemented or otherwise modified from time to time, the "Guaranty").

C. Approvals

The Administrative Agent shall have received evidence reasonably satisfactory to it that all approvals and consents of all Governmental Authorities, and all approvals and all consents of all other Persons, in each case which are required to be obtained in connection with the consummation of the transactions contemplated by the Loan Documents have been obtained and that all required notices have been given, and the Administrative Agent shall have received a certificate, in all respects reasonably satisfactory to the Administrative Agent, of the Responsible Officer to the foregoing effect to the best knowledge of such officer.

D. Litigation

There shall be no injunction, writ, preliminary

restraining order or other order of any nature issued by any Governmental Authority in any respect affecting any Loan Document or any transaction contemplated by the Loan Documents, and no action or proceeding by or before any Governmental Authority shall have been commenced and be pending seeking to prevent or delay any of the foregoing or challenging any term or provision thereof or seeking any damages in connection therewith, and the Administrative Agent shall have received a certificate, in all respects reasonably satisfactory to the Administrative Agent, of the executive officers or analogous counterparts of the Parent to the foregoing effect to the best knowledge of such officer.

E. Approval of Special Counsel

All legal matters incident to the making of the Loans on the first Borrowing Date shall be reasonably satisfactory to Special Counsel, and the Administrative Agent shall have received from Special Counsel an opinion, dated the first Borrowing Date, substantially in the form of Exhibit P.

F. Opinion of Counsel to the Borrowers and the Parent

(a) The Administrative Agent shall have received an opinion of Scott A. Klion, Esq., Associate General Counsel to the Parent and counsel to the Domestic Borrowers, dated the first Borrowing Date, substantially in the form of Exhibit O-1.

(b) The Administrative Agent shall have received, in respect of each Borrower which is not a Domestic Borrower, an opinion of local foreign counsel, reasonably satisfactory to the Administrative Agent, to such Borrower, dated the first Borrowing Date, substantially in the form of Exhibit O-2.

G. Existing Indebtedness

All Indebtedness set forth on Schedule 5.7 shall have been paid in full, all Liens, if any, securing the same shall have been terminated, and the Administrative Agent shall have received satisfactory evidence of the foregoing.

H. Payment of Fees

The Parent and the Borrowers shall have paid to the Issuing Bank, the Swing Line Lender, the Administrative Agent, the Arranging Agent and the Lenders all fees and all expenses which they shall have agreed to pay, to the extent such fees and expenses shall have become payable on or prior to the first Borrowing Date, and shall have paid the reasonable fees and disbursements of Special Counsel in connection with such agreement to the extent billed therefor.

I. Other Documents

The Administrative Agent shall have received such other documents (including financial statements and projections), each in form and substance reasonably satisfactory to the Administrative Agent, as the Administrative Agent shall reasonably require in connection with the making of the first Loans and the issuance of the first Letters of Credit.

VI. CONDITIONS OF LENDING - ALL LOANS AND LETTERS OF CREDIT

The obligation of each Lender to make each Loan, the obligation of the Swing Line Lender to make each Swing Line Loan and the obligation of the Issuing Bank to issue each Letter of Credit is subject to the fulfillment of the following conditions precedent:

A. Compliance

On each Borrowing Date, and after giving effect to the Loans to be made, and the Letters of Credit to be issued, on such Borrowing Date, (a) there shall exist no Default or Event of Default and (b) the representations and warranties contained in this Agreement shall be true and correct with the same effect as though such representations and warranties had been made on such Borrowing Date except to the extent that any representation or warranty under Section 4.1 expressly relates to an earlier date.

B. Loan Closings

All documents required by the provisions of this Agreement to have been executed or delivered by each Credit Party to the Administrative Agent, the Issuing Bank, the Swing Line Lender or any Lender on or before the applicable Borrowing Date shall have been so executed or delivered on or before such Borrowing Date.

C. Borrowing or Letter of Credit Request

The receipt by the Administrative Agent of a Notice of Borrowing, in the case of such Loan, or a Letter of Credit Request, in the case of a Letter of Credit, executed by the Parent and the applicable Borrower making such request.

D. Other Documents

The Administrative Agent shall have received such other documents (including financial statements and projections), each in form and substance reasonably satisfactory to the Administrative Agent, as the Administrative Agent shall reasonably require in connection with the making of the Loans

and the issuance of the Letters of Credit on such Borrowing Date.

VII. AFFIRMATIVE AND FINANCIAL COVENANTS

The Parent agrees that, so long as any Loan Document is in effect, any Loan, Letter of Credit or reimbursement obligation (contingent or otherwise) in respect of any Letter of Credit remains outstanding and unpaid, or any other amount is owing under any Loan Document to any Lender or the Administrative Agent, the Parent will:

A. Legal Existence

Except as may otherwise be permitted by Sections 8.4, 8.5 and 8.6, maintain, and cause each of its Subsidiaries to maintain, (a) its corporate or partnership existence, as the case may be, and (b) such existence in good standing in the jurisdiction of its incorporation or formation and in each other jurisdiction in which the failure so to do could reasonably be expected to have a Material Adverse effect; provided however, that subject to Section 8, nothing in this Section 7.1 shall prevent the abandonment or termination of the corporate existence or good standing of any Subsidiary of the Parent (other than Tiffany, Tiffany International and Tiffany Japan) in any jurisdiction if (i), in the reasonable judgment of the Parent and such Subsidiary, such abandonment or termination is in the best interest of the Parent and its Subsidiaries taken as a whole and would not have a Material Adverse effect and (ii) such Subsidiary, at the time of such abandonment or termination, has no obligations, contingent or otherwise, under any Loan Documents to any Lender, the Swing Line Lender, the Issuing Bank or the Administrative Agent.

B. Taxes

Pay and discharge when due, and cause each of its Subsidiaries so to do, all taxes, assessments, governmental charges, license fees and levies upon or with respect to the Parent and such Subsidiary, and upon the income, profits and Property thereof unless, and only to the extent, that (a) such taxes, assessments, governmental charges, license fees and levies shall be contested in good faith and by appropriate proceedings diligently conducted by the Parent or such Subsidiary, and (b) such reserve or other appropriate provision as shall be required by GAAP shall have been made therefor.

C. Insurance

Maintain, and cause each of its Subsidiaries to maintain, insurance with financially sound insurance carriers

against at least such risks, and in at least such amounts, as are usually insured against by similar businesses, including business interruption, public liability (bodily injury and property damage), fidelity, workers' compensation (where required) and property insurance, upon request a detailed list of such insurance then in effect, stating the names of the carriers thereof, the policy numbers, the insureds thereunder, the amounts of insurance, dates of expiration thereof, and the Property and risks covered thereby; except that the Parent or any of its Subsidiaries may effect workers' compensation or similar insurance in respect of operations in any jurisdiction either through an insurance fund operated by such jurisdiction or by causing to be maintained a system or systems of self-insurance which is in accord with applicable laws and good business practice.

D. Performance of Obligations

Pay and discharge promptly when due, and cause each of its Subsidiaries so to do, all lawful Indebtedness, obligations and claims for labor, materials and supplies or otherwise which, if unpaid, could reasonably be expected to (a) have a Material Adverse effect, or (b) become a Lien on the Property of the Parent or any of its Subsidiaries, except those Liens permitted under Section 8.3, provided that neither the Parent nor such Subsidiary shall be required to pay or discharge or cause to be paid or discharged any such Indebtedness, obligation or claim so long as (i) the validity thereof shall be contested in good faith and by appropriate proceedings diligently conducted by the Parent or such Subsidiary, and (ii) such reserve or other appropriate provision as shall be required by GAAP shall have been made therefor.

E. Condition of Property

Except for ordinary wear and tear, at all times, maintain, protect and keep in good repair, working order and condition, all Property used in the operation of its business (other than Property which is replaced with similar Property), except (i) to the extent that the failure so to do would not, individually or in the aggregate, have a Material Adverse effect, and cause each of its Subsidiaries so to do and (ii) as permitted under Sections 8.3 and 8.4.

F. Observance of Legal Requirements

Observe and comply in all material respects, and cause each of its Subsidiaries so to do, with all laws, ordinances, orders, judgments, rules, regulations, certifications, franchises, permits, licenses, directions and requirements of all Governmental Authorities, which now or at any time hereafter may be applicable to it or to such Subsidiary, a violation of which could reasonably be expected to have a Material Adverse effect.

G. Financial Statements and Other Information

Maintain, and cause each of its Subsidiaries to maintain, a standard system of accounting in accordance with GAAP, and furnish to each Lender:

(a) As soon as available and, in any event, within 105 days after the close of each fiscal year, a copy of (i) the Balance Sheet as of the end of such fiscal year, of the Parent on a Consolidated basis, and (ii) the related Statements of Income, Cash Flows and Shareholder's Equity for such fiscal year, of the Parent on a Consolidated basis, setting forth in each case in comparative form the corresponding figures in respect of the previous fiscal year, all in reasonable detail, and accompanied by, in the case of such Consolidated financial statements, a report of the Accountants, which report shall state that (A) the Accountants audited such Consolidated financial statements, (B) such audit was made in accordance with generally accepted auditing standards in effect at the time and provides a reasonable basis for such opinion, and (C) said Consolidated financial statements have been prepared in accordance with GAAP;

(b) Simultaneously with the delivery of the certified statements required by clause (a) above, copies of a certificate of such Accountants stating that, in making the examination necessary for their audit of the Consolidated financial statements of the Parent for such fiscal year, nothing came to their attention of a financial or accounting nature that caused them to believe that there shall have occurred any condition or event which would constitute a Default or an Event of Default, or, if so, specifying in such certificate all such Defaults and Events of Default and the nature and status thereof;

(c) As soon as available, and in any event within 50 days after the end of each of the first three fiscal quarters, and 105 days after the end of the last fiscal quarter, of each fiscal year, a copy of (i) the Balance Sheet, as of the end of such quarter, of the Parent on a Consolidated basis and (ii) the related Statements of Income, Cash Flows and Shareholder's Equity, of the Parent on a Consolidated basis for (x) such quarter, and (y) the period from the beginning of the then current fiscal year to the end of such quarter, in each case in comparative form with the prior fiscal year, all in reasonable detail and prepared in accordance with GAAP (without footnotes and subject to year-end adjustments), together with a certificate of the Responsible Officer, which certificate shall state that all such financial statements fairly present the financial condition and results of operations of the Parent and its Subsidiaries and have been prepared in accordance with GAAP (but without footnotes and subject to year-end adjustments);

(d) Notwithstanding anything to the contrary contained herein, the Parent may satisfy its obligation to furnish (i) the Consolidated financial statements referred to in clause (a) above by furnishing, as soon as available, and in any event within 105 days after the end of the applicable fiscal year, a copy of the annual audited Consolidated financial statements of the Parent and its Subsidiaries prepared in conformity with GAAP and as filed with the SEC for such fiscal year, and (ii) the Consolidated financial statements referred to in clause (c) above by furnishing, as soon as available, and in any event within 50 days after the end of the applicable fiscal quarter, copies of the Consolidated financial statements of the Parent and its Subsidiaries as filed with the SEC for the applicable fiscal quarter;

(e) Simultaneously with the delivery of the financial statements required by clauses (a), (c) and (d) above, a certificate of the Responsible Officer certifying that to the best of his knowledge no condition or event has occurred which would constitute a Default or an Event of Default, or if so, specifying in such certificate all such violations, conditions and events and the nature and status thereof;

(f) Within 45 days after the end of each of the first three fiscal quarters, and within 90 days after the end of the last fiscal quarter, of each fiscal year, a Compliance Certificate, as of the end of such fiscal quarter, certified by the Responsible Officer;

(g) As soon as available, and in any event within two Business Days after any downgrade or withdrawal by either S&P or Moody's of the senior unsecured long term debt Rating assigned to the Parent, written notice to the Administrative Agent and each Lender thereof, and the effective date thereof, in each case certified by the Responsible Officer;

(h) Prompt written notice upon the Parent or any of its Subsidiaries obtaining knowledge that: (i) any Indebtedness of the Parent or any of its Subsidiaries in an aggregate amount in excess of \$5,000,000 shall have been declared or become due and payable prior to its stated maturity, or called and not paid when due, or required to be purchased or otherwise acquired by the Parent or any of its Subsidiaries prior to its stated maturity, and whether such acceleration shall have been rescinded or annulled, or (ii) the holders of any notes, or other evidence of Indebtedness, certificates or securities evidencing any such Indebtedness, or any obligees with respect to any other Indebtedness of the Parent or any of its Subsidiaries, have the right to declare Indebtedness in an aggregate amount in excess of \$5,000,000 due and payable prior to its stated maturity or have the right to require the Parent or any of its Subsidiaries to purchase or otherwise acquire any such Indebtedness prior to

its stated maturity and whether such right shall have been waived;

(i) Prompt written notice of: (i) any citation, summons, subpoena, order to show cause or other order naming the Parent or any of its Subsidiaries a party to any proceeding before any Governmental Authority which could reasonably be expected to have a Material Adverse effect, and include with such notice a copy of such citation, summons, subpoena, order to show cause or other order, (ii) any lapse or other termination of any license, permit, franchise or other authorization issued to the Parent or any of its Subsidiaries by any Governmental Authority, (iii) any refusal by any Governmental Authority to renew or extend any license, permit, franchise or other authorization, and (iv) any dispute between the Parent or any of its Subsidiaries and any Governmental Authority, which lapse, termination, refusal or dispute, referred to in clause (ii), (iii) or (iv) above, could reasonably be expected to have a Material Adverse effect;

(j) Promptly upon becoming available, copies of all regular, periodic or special reports, schedules, proxy statements, registration statements, 10-Ks, 10-Qs and 8-Ks which the Parent or any of its Subsidiaries may now or hereafter be required to file with or deliver to any securities exchange or the SEC, and copies of all material news releases sent to financial analysts;

(k) Prompt written notice in the event that the Parent or any of its Subsidiaries knows, or has reason to know, that (i) any Termination Event with respect to a Pension Plan has occurred or will occur, (ii) any condition exists with respect to a Pension Plan (other than a Multiemployer Plan) which presents a material risk of termination of such Pension Plan by the PBGC, imposition of an excise tax on the Parent, any of its Subsidiaries or any ERISA Affiliate or the requirement that the Parent, any of its Subsidiaries or any ERISA Affiliate provide security to any Pension Plan, (iii) the Parent, any of its Subsidiaries or any ERISA Affiliate has applied for a waiver of the minimum funding standard under Section 412 of the Code with respect to a Pension Plan, (iv) the aggregate amount of the Unfunded Pension Liabilities under all Pension Plans (other than Multiemployer Plans) has increased to an amount in excess of \$2,000,000, (v) the aggregate amount of Unrecognized Retiree Welfare Liability under all applicable Employee Benefit Plans has increased to an amount in excess of \$2,000,000, (vi) the Parent, any of its Subsidiaries or any ERISA Affiliate has engaged in a Prohibited Transaction with respect to an Employee Benefit Plan, (vii) the imposition of a tax upon the Parent or any of its Subsidiaries under Section 4980B(a) of the Code, or (viii) the assessment of a civil penalty under Section 502(c) of ERISA against the

Parent or any of its Subsidiaries, or (ix) any condition with respect to a Multiemployer Plan exists which presents a risk of material liability to the Parent or any of its Subsidiaries or would reasonably be expected to have a Material Adverse effect, in each case together with a certificate of the Responsible Officer setting forth the details of such event and the action which the Parent, such Subsidiary or such ERISA Affiliate proposes to take with respect thereto, together with a copy of all notices and filings with respect thereto;

(l) Prompt written notice in the event that the Parent, any of its Subsidiaries or any ERISA Affiliate shall receive a demand letter from the PBGC notifying the Parent, such Subsidiary or such ERISA Affiliate of any final decision finding liability of the Parent, any of its Subsidiaries or any ERISA Affiliate and the date by which such liability must be paid, together with a copy of such letter and a certificate of the Responsible Officer setting forth the action which the Parent, such Subsidiary or such ERISA Affiliate proposes to take with respect thereto;

(m) Promptly upon the same becoming available, and in any event by the date such amendment is adopted, a copy of any Pension Plan amendment that the Parent, any of its Subsidiaries or any ERISA Affiliate proposes to adopt which would require the posting of security under Section 401(a)(29) of the Code, together with a certificate of the Responsible Officer setting forth the reasons for the adoption of such amendment and the action which the Parent, such Subsidiary or such ERISA Affiliate proposes to take with respect thereto;

(n) As soon as possible and in any event by the 10th day after any required installment or other payment under Section 412 of the Code owed to a Pension Plan by the Parent, any of its Subsidiaries or any ERISA Affiliate shall have become due and owing and remain unpaid a copy of the notice of failure to make required contributions provided to the PBGC by the Parent, any of its Subsidiaries or any ERISA Affiliate under Section 412(n) of the Code, together with a certificate of the Responsible Officer setting forth the action which the Parent, such Subsidiary or such ERISA Affiliate proposes to take with respect thereto;

(o) If the termination of any Pension Plan would result in the imposition of any tax under Section 4980 of the Code, then as soon as possible, but in no event less than 60 days before the due date of the tax, a certificate of the Responsible Officer setting forth the estimated amount of the tax, any reversion, and the proposed use of the reversion (this Section 7.7(o) shall apply to a transaction notwithstanding a reduction or complete elimination of the tax because of the operation of either Sections 4980(d) or

420(a)(3)(A) of the Code);

(p) Upon a Responsible Officer becoming aware thereof, prompt written notice that a material contribution required to be made to any Foreign Pension Plan has not been timely made, the failure of which would reasonably be expected to have a Material Adverse effect;

(q) Upon a Responsible Officer becoming aware thereof, prompt written notice of the occurrence of (i) each Default, (ii) each Event of Default, and (iii) each Material Adverse change;

(r) Promptly upon receipt thereof, copies of all audit reports relating to the Parent or any of its Subsidiaries submitted by the Accountants in connection with each annual, interim or special audit of the books of the Parent or any of its Subsidiaries; and

(s) Promptly upon request therefor, such other information and reports regarding the business, condition (financial or otherwise), property or prospects of the Parent and its Subsidiaries, as the Administrative Agent or any Lender at any time or from time to time may reasonably request.

H. Inspection

At all reasonable times, upon reasonable prior notice, permit representatives of the Administrative Agent or any Lender to visit the offices of the Parent or each of its Subsidiaries, to examine the books and records thereof and Accountants' reports relating thereto, and to make copies or extracts therefrom, to discuss the affairs of the Parent or each of its Subsidiaries with the respective officers thereof, and to examine and inspect the Property of the Parent or each of its Subsidiaries and to meet and discuss the affairs of the Parent and each of its Subsidiaries with the Accountants.

I. Authorizations

Maintain and cause each of its Subsidiaries to maintain, in full force and effect, all copyrights, patents, trademarks, trade names, franchises, licenses, permits, applications, reports, and other authorizations and rights, as are necessary for the conduct from time to time of their businesses, except to the extent the failure so to maintain such items, individually or in the aggregate, could not reasonably be expected to have a Material Adverse effect.

J. Subsidiaries

(a) At all times maintain (directly or

indirectly), beneficially and of record, (i) at least 51% of the voting control of, and at least 51% of the equity in, Tiffany & Co. K.K., and (ii) 100% of the voting control of, and 100% of the equity in, each other Subsidiary Borrower.

(b) Except as set forth on Schedule 4.1 or as may otherwise be permitted by Sections 8.4, 8.5 and 8.6, at all times maintain (directly or indirectly), beneficially and of record, 100% of the voting control of, and 100% of the equity in, each of its other Subsidiaries.

K. Leverage Ratio

At all times have a Leverage Ratio not greater than 0.55:1.00.

L. Interest Coverage Ratio

At all times have an Interest Coverage Ratio greater than 2.50:1.00.

VIII. NEGATIVE COVENANTS

The Parent agrees that, so long as any Loan Document is in effect, any Loan, Letter of Credit or reimbursement obligation (contingent or otherwise) in respect of any Letter of Credit remains outstanding and unpaid, or any other amount is owing under any Loan Document to any Lender, the Swing Line Lender or the Administrative Agent, the Parent shall not, directly or indirectly:

A. Indebtedness

Create, incur, assume or suffer to exist any Indebtedness, or permit any of its Subsidiaries so to do, except any one or more of the following types of Indebtedness: (a) Indebtedness under the Loan Documents, (b) Indebtedness of the Subsidiaries of the Parent in an aggregate principal amount not in excess of \$25,000,000 at any one time outstanding (i) in respect of capital leases, (ii) secured by Liens on Property acquired by any such Subsidiary after the date hereof provided that such Liens are in existence on the date of such acquisition and were not placed on such Property in contemplation of such acquisition, and (iii) other purchase money Indebtedness of the Subsidiaries of the Parent, provided that, in each case under this clause (b), the Lien securing such Indebtedness is permitted by Section 8.3, (c) Indebtedness set forth on Schedule 8.1 and any refinancings, extensions and renewals thereof, (d) Indebtedness set forth on Schedule 5.7, provided that it will be repaid in full simultaneously with the making of the Loans on the first Borrowing Date, (e) Intercompany Debt, (f) other Indebtedness of the Subsidiaries of the Parent in an

aggregate principal amount at any one time outstanding not to exceed \$10,000,000, provided that immediately before and after giving effect to the creation, incurrence or assumption of such Indebtedness no Default or Event of Default shall or would exist, (g) Indebtedness of the Parent, provided that immediately before and after giving effect to the creation, incurrence or assumption of such Indebtedness no Default or Event of Default shall or would exist, and (h) Indebtedness in the form of a deferred payable of Tiffany to Mitsukoshi Limited in the principal amount of 2.5 billion Japanese yen.

B. Interest Rate Protection Arrangements and Other Hedging Arrangements

Create, incur, assume or suffer to exist any indebtedness under or in respect of any Interest Rate Protection Arrangement or any Other Hedging Arrangement, or permit any of its Subsidiaries so to do, except (i) foreign currency purchased put options and forward exchange contracts intended to reduce the risk on foreign currency denominated transactions and (ii) interest rate swap agreements to modify the interest rate characteristics of up to \$100,000,000 notional principal amount of Indebtedness.

C. Liens

Create, incur, assume or suffer to exist any Lien against or on any Property now owned or hereafter acquired by the Parent or any of its Subsidiaries, or permit any of its Subsidiaries so to do, except any one or more of the following types of Liens: (a) Liens in connection with workers' compensation, unemployment insurance or other social security obligations (which phrase shall not be construed to refer to ERISA or the minimum funding obligations under Section 412 of the Code), (b) Liens to secure the performance of bids, tenders, letters of credit, contracts (other than contracts for the payment of Indebtedness), leases, statutory obligations, surety, customs, appeal, performance and payment bonds and other obligations of like nature, in each such case arising in the ordinary course of business, (c) mechanics', workmen's, carriers', warehousemen's, materialmen's, landlords', or other like Liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith and by appropriate proceedings diligently conducted, (d) Liens for taxes, assessments, fees or governmental charges the payment of which is not required by Section 7.2, (e) easements, rights of way, restrictions, leases of Property to others, easements for installations of public utilities, title imperfections and restrictions, zoning ordinances and other similar encumbrances affecting Property which in the aggregate do not materially impair its use for the operation of the business of the Parent or such Subsidiary, (f) Liens set forth on Schedule 8.3 and any renewal thereof, (g) Liens

under capital leases and Liens on Property (including, in the event such Property constitutes capital stock of a newly acquired Subsidiary of the Parent, Liens on the Property of such Subsidiary) hereafter acquired and either existing on such Property when acquired, or created contemporaneously with such acquisition, to secure the payment or financing of the purchase price thereof, provided that such Liens attach only to the Property so purchased or acquired and provided further that the Indebtedness secured by such Liens is permitted by Section 8.1(b), (h) Liens created under the Loan Documents, (i) statutory Liens in favor of lessors arising in connection with Property leased to the Parent or any of its Subsidiaries, (j) Liens of attachments, judgments or awards against the Parent or any of its Subsidiaries with respect to which an appeal or proceeding for review shall be pending or a stay of execution shall have been obtained, or which are otherwise being contested in good faith and by appropriate proceedings diligently conducted, and in respect of which adequate reserves shall have been established in accordance with GAAP on the books of the Parent or such Subsidiary, and (k) Intercompany Liens.

D. Dispositions

Make any Disposition or permit any of its Subsidiaries so to do, except any one or more of the following: (a) Dispositions of any Investments permitted under Sections 8.7(a), (b), (c), (d) or (e), (b) Intercompany Dispositions, (c) Dispositions in the ordinary course of business (including the disposition of closed stores and the disposition of certain New Jersey facilities in connection with the consolidation of such facilities' operations into a new facility to be constructed and leased in Parsippany, New Jersey), and (d) other Dispositions of Property having a fair market value which, when aggregated with the fair market value of all other Dispositions of Property (other than Dispositions described in the preceding clauses (a), (b) and (c) made on and after the Effective Date, would not exceed \$75,000,000 on a Consolidated basis, provided, however, that immediately before and after giving effect thereto, no Default or Event of Default shall or would exist.

E. Merger or Consolidation, Etc.

(a) Consolidate with, be acquired by, or merge into or with any Person, or convey or otherwise transfer all or substantially all of its Property, or permit any of its Subsidiaries so to do, except that:

(i) any of its wholly-owned Subsidiaries (other than a Borrower) may consolidate with or merge with any of its other Subsidiaries (other than a Borrower), or convey or transfer all or substantially all of its Property to any of its other wholly-owned Subsidiaries (other than a

Borrower), provided that (x) immediately before and after giving effect thereto no Default or Event of Default shall or would exist and (y) the Administrative Agent shall have received 15 Business Days' prior written notice thereof, and

(ii) any of its wholly-owned Subsidiaries may consolidate with or merge with any Subsidiary Borrower, or convey or transfer all or substantially all of its Property to any Subsidiary Borrower, provided that (w) immediately before and after giving effect thereto no Default or Event of Default shall or would exist, (x) such Subsidiary Borrower shall be the survivor of such consolidation or merger, (y) the Administrative Agent shall have received 15 Business Days' prior written notice of such consolidation, merger, conveyance or transfer, and (z) the Administrative Agent shall have received such documents, opinions and certificates as the Administrative Agent shall have reasonably requested in connection therewith.

F. Acquisitions

Make any Acquisition, or permit any of its Subsidiaries so to do, except any one or more of the following: (a) Acquisitions of Investments permitted by Section 8.7, (b) Intercompany Acquisitions permitted by Section 8.5, and (c) Acquisitions by the Parent or any of its Subsidiaries, provided that (i) immediately before and after giving effect to each such Acquisition no Default or Event of Default shall or would exist, (ii) immediately after giving effect to each such Acquisition, all of the representations and warranties contained in Section 4 shall be true and correct as if then made except to the extent that any representation or warranty under Section 4.1 expressly relates to an earlier date, and (iii) the aggregate consideration paid for all such Acquisitions shall not exceed \$50,000,000.

G. Investments

Any time hold, purchase, invest in or otherwise acquire any derivative product or any interest therein or any debt security or Stock of, or any other equity interest in, any Person, or make any loan or advance to, or enter into any arrangement for the purpose of providing funds or credit to, or make any other investment, whether by way of capital contribution or otherwise, in any Person (all of which are sometimes referred to herein as "Investments"), or permit any of its Subsidiaries so to do, except any one or more of the following Investments: (a) Investments in short-term direct obligations of the United States of America (and not the agencies or instrumentalities thereof), (b) Investments in short-term debt securities of any issuer, provided that the principal thereof and interest thereon is unconditionally guaranteed by the United States of America (and not the agencies or instrumentalities thereof), (c) Investments in short-

term certificates of deposit, in Dollars, of any Lender or any other depository institution chartered under the laws of the United States of America or any State thereof the deposits of which are insured by the Federal Deposit Insurance Corporation and which has capital and undivided surplus of not less than \$500,000,000, (d) Investments in commercial paper having a commercial paper rating of not lower than (i) A-1 by S&P, or (ii) P-1 by Moody's, (e) Investments existing on the date hereof and set forth on Schedule 8.7, (f) Investments in Intercompany Debt, (g) Investments in the Parent or any Subsidiary or any Person who immediately thereafter becomes a Subsidiary, (h) Investments from the net cash proceeds received from the issuance of additional shares of the Parent's capital stock, (i) Acquisitions permitted by Section 8.6, (j) Investments in short-term certificates of deposit or similar instruments, in any Currency other than Dollars, of any bank which has capital and undivided surplus of not less than the equivalent of \$1,000,000,000, and (k) additional Investments in an aggregate amount not exceeding \$5,000,000 or the equivalent thereof.

H. Restricted Payments

Make any Restricted Payment or permit any of its Subsidiaries so to do, except any one or more of the following Restricted Payments: (a) any direct or indirect wholly-owned Subsidiary of the Parent may make dividends or other distributions to the Parent or to any other direct or indirect wholly-owned Subsidiary of the Parent, and (b) the Parent may make regular periodic dividends at a rate which is substantially consistent with past practice, provided that immediately before and after giving effect thereto, no Default or Event of Default shall or would exist.

I. Limitation on Upstream Dividends by Subsidiaries

Permit, cause or suffer to exist, any of its Subsidiaries to enter into or agree, or otherwise be or become subject, to any agreement, contract or other arrangement (other than this Agreement) with any Person pursuant to the terms of which (a) such Subsidiary is or would be prohibited from declaring or paying any cash dividends on any class of its stock owned directly or indirectly by the Parent or any of its other Subsidiaries or from making any other distribution on account of any class of any such stock (herein referred to as "Upstream Dividends"), or (b) the declaration or payment of Upstream Dividends by a Subsidiary of the Parent to the Parent or another Subsidiary of the Parent, on an annual or cumulative basis, is or would be otherwise limited or restricted.

J. Transactions with Affiliates

Become, or permit any of its Subsidiaries to become, a party to any material transaction with any Affiliate of the Parent on a basis less favorable in any material respect than if such transaction were not with an Affiliate of the Parent.

IX. DEFAULT

A. Events of Default

The following shall each constitute an "Event of Default" hereunder:

(a) The failure of any Borrower to make any principal payment on any Loan or any reimbursement payment in respect of any Letter of Credit when due and payable; or

(b) The failure of any Borrower to make payment of any installment of interest on any Loan or any fee or other amount payable under or in respect of any Loan Document on the date when due and payable and such default shall continue unremedied for a period of three Business Days after the same shall have become due; or

(c) The failure of the Parent or any Borrower to observe or perform any covenant or agreement contained in Section 2.18, 7.1(a), 7.11 or 7.12, or in Section 8; or

(d) The failure of the Parent or any Borrower to observe or perform any other covenant or agreement contained in this Agreement, and such failure shall have continued unremedied for a period of 30 days after any Responsible Officer shall have become aware of such failure; or

(e) Any representation or warranty of any Credit Party (or of any of its officers on its behalf) made in any Loan Document or in any certificate, report, opinion (other than an opinion of counsel) or other document delivered on or after the date hereof pursuant to any Loan Document, shall in any such case prove to have been incorrect or misleading (whether because of misstatement or omission) in any material respect when made; or

(f) (i) Liabilities and/or other obligations in an aggregate amount in excess of \$5,000,000 of the Parent or any of its Subsidiaries on a Consolidated basis (other than the obligations hereunder and Intercompany Debt), whether as principal, guarantor, surety or other obligor, for the payment or purchase of any Indebtedness, (A) shall become or shall be declared to be due and payable prior to the expressed maturity thereof (unless such acceleration shall have thereafter been unconditionally rescinded or annulled prior to the time that the Aggregate Commitment has been terminated or the Loans have become or been declared due and

payable), or (B) shall not be paid when due or within any grace period for the payment or purchase thereof, or (ii) any holder of any such obligations shall have the right to declare the Indebtedness evidenced thereby due and payable or to require the purchase of the Indebtedness evidenced thereby prior to its stated maturity (unless such right shall thereafter have been unconditionally waived prior to the time such holder shall have declared such Indebtedness due and payable or required the purchase of such Indebtedness); or

(g) The Parent or any of its Subsidiaries shall (i) suspend or discontinue its business (except as may otherwise be expressly permitted herein), or (ii) make an assignment for the benefit of creditors, or (iii) generally not be paying its debts as such debts become due, or (iv) admit in writing its inability to pay its debts as they become due, or (v) file a voluntary petition in bankruptcy, or (vi) become insolvent (however such insolvency shall be evidenced), or (vii) file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment of debt, liquidation or dissolution or similar relief under any present or future statute, law or regulation of any jurisdiction, or (viii) petition or apply to any tribunal for any receiver, custodian or any trustee for any substantial part of its Property, or (ix) be the subject of any such proceeding filed against it which remains undismissed for a period of 45 days, or (x) file any answer admitting or not contesting the material allegations of any such petition filed against it, or of any order, judgment or decree approving such petition in any such proceeding, or (xi) seek, approve, consent to, or acquiesce in any such proceeding, or in the appointment of any trustee, receiver, custodian, liquidator, or fiscal agent for it, or any substantial part of its Property, or an order is entered appointing any such trustee, receiver, custodian, liquidator or fiscal agent and such order remains unstayed and in effect for 45 days; or

(h) An order for relief is entered under the bankruptcy or insolvency laws of any jurisdiction and continues unstayed and in effect for a period of 60 days (i) adjudging the Parent or any of its Subsidiaries as bankrupt or insolvent, or (ii) approving as properly filed a petition seeking reorganization, liquidation, arrangement, adjustment or composition of, or in respect of the Parent or any of its Subsidiaries under the bankruptcy or insolvency laws of any jurisdiction, or (iii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Parent or any of its Subsidiaries or of any substantial part of the Property of any thereof, or (iv) ordering the winding up or liquidation of the affairs of the Parent or any of its Subsidiaries and any such decree or order continues unstayed and in effect for a period of 60 days; or

(i) Judgments or decrees in an aggregate amount in excess of \$5,000,000 on a Consolidated basis against the Parent or any of its Subsidiaries (except to the extent covered by insurance, provided that each applicable insurance company has expressly assumed responsibility with respect to the applicable underlying claim) shall remain unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of 30 days; or

(j) A Change of Control shall occur; or

(k) Any license, franchise, permit, right, approval or agreement of the Parent or any of its Subsidiaries to own or operate any Operating Entity owned or operated by the Parent or such Subsidiary is not renewed, or is suspended or revoked, and the non-renewal, suspension or revocation is irrevocable and not subject to appeal or challenge and would have a Material Adverse effect; or

(l) (i) any Termination Event shall occur with respect to any Pension Plan (other than a Multiemployer Plan); (ii) any Accumulated Funding Deficiency in excess of \$2,000,000, whether or not waived, shall exist with respect to any Pension Plan (other than a Multiemployer Plan); (iii) any Person shall engage in any Prohibited Transaction involving any Employee Benefit Plan which would have a Material Adverse effect; (iv) the Parent, any of its Subsidiaries or any ERISA Affiliate shall fail to pay when due an amount which is payable by it to the PBGC or to a Pension Plan (including a Multiemployer Plan) under Title IV of ERISA and such non-payment would have a Material Adverse effect; (v) the imposition of any tax under Section 4980(B)(a) of the Code; (vi) the assessment of a civil penalty with respect to any Employee Benefit Plan under Section 502(c) of ERISA; (vii) any other event or condition shall occur or exist with respect to an Employee Benefit Plan which would have a Material Adverse effect; (viii) a contribution required to be made to a Foreign Pension Plan has not been timely made which would have a Material Adverse effect; or (ix) the Parent or any of its Subsidiaries has incurred or is likely to incur liabilities pursuant to one or more Foreign Pension Plans which would have a Material Adverse effect; or

(m) (i) Any Loan Document shall cease to be in full force and effect, or an "Event of Default" shall have occurred under, and as such term is defined therein, or (ii) the failure of any Credit Party to observe or perform any obligation on its part to be observed or performed under any Loan Document, and such failure shall have continued unremedied for a period of 30 days after any Responsible Officer shall have become aware of such failure, or any Credit Party shall disavow in writing any of its obligations thereunder.

Upon the occurrence of an Event of Default or at any time thereafter during the continuance thereof, (a) if such event is an Event of Default specified in clause (g) or (h) above, the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments and the Letter of Credit Commitment shall immediately and automatically terminate and the Loans, all accrued and unpaid interest thereon, any reimbursement obligations owing or contingently owing in respect of all outstanding Letters of Credit and all other amounts owing under the Loan Documents shall immediately become due and payable, and the Parent and the applicable Letter of Credit Applicants shall forthwith deposit an amount equal to the Letter of Credit Exposure in a cash collateral account with and under the exclusive control of the Administrative Agent, and the Administrative Agent may, and, upon the direction of the Required Lenders shall, exercise any and all remedies and other rights provided in the Loan Documents, and (b) if such event is any other Event of Default, any or all of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, and upon the direction of the Required Lenders shall, by notice to the Parent (on behalf of all Borrowers), declare the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments and the Letter of Credit Commitment to be terminated forthwith, whereupon the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments and the Letter of Credit Commitment shall immediately terminate, and (ii) with the consent of the Required Lenders, the Administrative Agent may, and upon the direction of the Required Lenders shall, by notice of default to the Parent (on behalf of all Borrowers), declare the Loans, all accrued and unpaid interest thereon, any reimbursement obligations owing or contingently owing in respect of all outstanding Letters of Credit and all other amounts owing under the Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable, and the Parent and the applicable Letter of Credit Applicants shall forthwith deposit an amount equal to the Letter of Credit Exposure in a cash collateral account with and under the exclusive control of the Administrative Agent, and the Administrative Agent may, and upon the direction of the Required Lenders shall, exercise any and all remedies and other rights provided pursuant to the Loan Documents. Except as otherwise provided in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

In the event that the Aggregate Commitments, the Swing Line Commitment, the Individual Currency Commitments and the Letter of Credit Commitment shall have been terminated or the Loans shall have been declared due and payable pursuant to the provisions of this Section, any funds received by the Administrative Agent and the Lenders from or on behalf of any Borrower shall be applied by the

Administrative Agent and the Lenders in liquidation of the Loans and the obligations of the Credit Parties under the Loan Documents in the following manner and order: (i) first, to the payment of interest on, and then the principal portion of, any Loans which the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or the Credit Parties; (ii) second, to the payment of any expenses due the Administrative Agent from the Credit Parties, (iii) third, to reimburse the Administrative Agent and the Lenders for any expenses (to the extent not paid pursuant to clause (ii) above due from the Parent and the Borrowers pursuant to the provisions of Section 11.5; (iv) fourth, to the payment of accrued Facility Fees, Letter of Credit Commissions and all other fees, expenses and amounts due under or in respect of the Loan Documents (other than principal and interest on the Loans and reimbursement obligations and interest thereon with respect to the Letters of Credit); (v) fifth, to the payment of interest due on the Loans and due on reimbursement obligations with respect to the Letters of Credit; (vi) sixth, to the payment of principal outstanding on the Loans and reimbursement obligations with respect to the Letters of Credit; and (vii) seventh, to the payment of any other amounts owing to the Administrative Agent and the Lenders under the Loan Documents.

X. THE ADMINISTRATIVE AGENT

A. Appointment

Each Lender hereby irrevocably designates and appoints BNY as the Administrative Agent of such Lender under the Loan Documents and each such Lender hereby irrevocably authorizes BNY, as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of the Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of the Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement or any Loan Document, the Administrative Agent shall not have any duties or responsibilities other than those expressly set forth herein or therein, or any fiduciary relationship with the Issuing Bank, the Swing Line Lender or any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into the Loan Documents or otherwise exist against the Administrative Agent.

B. Delegation of Duties

The Administrative Agent may execute any of its duties under the Loan Documents by or through agents or attorneys-in-fact and shall be entitled to rely upon the ad-

vice of counsel concerning all matters pertaining to such duties.

C. Exculpatory Provisions

Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Loan Documents (except the Administrative Agent for its own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Credit Parties or any officers of the Credit Parties contained in the Loan Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, the Loan Documents or for the value, validity, effectiveness, genuineness, perfection, enforceability or sufficiency of any of the Loan Documents or for any failure of the Credit Parties or any other Person to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, the Loan Documents, or to inspect the properties, books or records of the Credit Parties. The Administrative Agent shall not be under any liability or responsibility whatsoever, as Administrative Agent, to the Credit Parties or any other Person as a consequence of any failure or delay in performance, or any breach, by any Lender of any of its obligations under the Loan Documents.

D. Reliance by Administrative Agent

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, opinion, letter, cablegram, telegram, fax, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to any of the Credit Parties), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may treat each Lender, or the Person designated in the last notice filed with it under this Section, as the holder of all of the interests of such Lender in its Loans until written notice of transfer, signed by such Lender (or the Person designated in the last notice filed with the Administrative Agent) and by the Person designated in such written notice of transfer, in form and substance satisfactory to the Administrative Agent, shall have been filed with the Administrative Agent. The Administrative

Agent shall not be under any duty to examine or pass upon the validity, effectiveness, enforceability, perfection or genuineness of any of the Loan Documents or any instrument, document or communication furnished pursuant hereto or thereto or in connection herewith or therewith, and the Administrative Agent shall be entitled to assume that the same are valid, effective and genuine, have been signed or sent by the proper parties and are what they purport to be. The Administrative Agent shall be fully justified in failing or refusing to take any action under the Loan Documents unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under the Loan Documents in accordance with a request or direction of the Required Lenders, and such request or direction and any action taken or failure to act pursuant thereto shall be binding upon the Issuing Bank, the Swing Line Lender and all of the Lenders and all future holders of the Indebtedness of the Credit Parties under the Loan Documents.

E. Notice of Default

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received written notice thereof from the Issuing Bank, the Swing Line Lender, any Lender, or any Credit Parties. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall promptly give notice thereof to the Issuing Bank, the Swing Line Lender and the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be directed by the Required Lenders, provided, however, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem to be in the best interests of the Issuing Bank, the Swing Line Lender and the Lenders.

F. Non-Reliance

The Issuing Bank, the Swing Line Lender and each Lender expressly acknowledges that neither the Administrative Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter, including any review of the affairs of the Credit Parties, shall be deemed to constitute any representation or warranty by the Administrative Agent to the Issuing Bank, the Swing Line Lender or any Lender. The Issuing Bank, the Swing Line Lender and each Lender represents to the Administrative Agent that it has, independently

and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own evaluation of and investigation into the business, operations, Property, financial and other condition and creditworthiness of the Credit Parties and made its own decision to enter into this Agreement. The Issuing Bank, the Swing Line Lender and each Lender also represents that it will, independently and without reliance upon the Administrative Agent, the Issuing Bank, the Swing Line Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, evaluations and decisions in taking or not taking action under the Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, Property, financial and other condition and creditworthiness of the Credit Parties. Except for notices, reports and other documents expressly required to be furnished to the Issuing Bank, the Swing Line Lender and the Lenders by the Administrative Agent under the Loan Documents, the Administrative Agent shall not have any duty or responsibility to provide the Issuing Bank, the Swing Line Lender or any Lender with any credit or other information concerning the business, operations, Property, financial and other condition or creditworthiness of the Credit Parties which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

G. Indemnification

Each Lender agrees to indemnify and reimburse the Administrative Agent in its capacity as such (to the extent not promptly reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), pro rata according to (i) at any time when no Loans are outstanding, its Commitment Percentage, or if no Commitments then exist, its Commitment Percentage on the last day on which Commitments did exist, and (ii) at any time when Loans are outstanding (x) if the Commitments then exist, its Commitment Percentage or (y) if the Commitments have been terminated or otherwise no longer exist, the percentage equal to the fraction (A) the numerator of which is the Credit Exposure of such Lender and (B) the denominator of which is the Aggregate Credit Exposure, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever including any amounts paid to the Lenders (through the Administrative Agent) by the Credit Parties pursuant to the terms of the Loan Documents, that are subsequently rescinded or avoided, or must otherwise be restored or returned) which may at any time (including at any time following the payment of the Loans or the reimbursement obligations hereunder with respect to the Letters of Credit)

be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other documents contemplated by or referred to herein or the transactions contemplated hereby or thereby or any action taken or omitted to be taken by the Administrative Agent under or in connection with the foregoing; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting from the finally adjudicated gross negligence or willful misconduct of the Administrative Agent. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its pro rata share (calculated as set forth in the first sentence of this Section) of any unpaid costs and expenses (including reasonable fees and expenses of counsel) payable by the Credit Parties under Section 11.5, to the extent that the Administrative Agent has not been reimbursed for such costs and expenses by the Credit Parties. The failure of any Lender to reimburse the Administrative Agent promptly upon demand for its pro rata share (as so calculated) of any amount required to be paid by the Lenders to the Administrative Agent as provided in this Section shall not relieve any other Lender of its obligation hereunder to reimburse the Administrative Agent for its pro rata share (as so calculated) of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Administrative Agent for such other Lender's pro rata share (as so calculated) of such amount. The agreements in this Section shall survive the payment of all amounts payable under the Loan Documents.

H. Administrative Agent in Its Individual Capacity

BNY and its affiliates may make loans to, accept deposits from, issue letters of credit for the account of, and generally engage in any kind of business with, the Credit Parties or any of the Subsidiaries of the Parent as though BNY were not the Issuing Bank, the Swing Line Lender or the Administrative Agent hereunder. With respect to the Commitment, the Swing Line Commitment, the Individual Currency Commitment and the Letter of Credit Commitment of BNY and the Loans made by BNY, and the Letters of Credit issued by BNY, BNY shall have the same rights and powers under the Loan Documents as any Lender and may exercise the same as though it were not the Issuing Bank, the Swing Line Lender or the Administrative Agent, and the terms "Lender" and "Lenders" shall in each case include BNY.

I. Successor Administrative Agent

If at any time the Administrative Agent deems it advisable, in its sole discretion, it may submit to each of the Issuing Bank, the Swing Line Lender and each Lender a

written notice of its resignation as Administrative Agent under the Loan Documents, such resignation to be effective upon the written acceptance of the duties of the Administrative Agent under the Loan Documents by a successor Administrative Agent appointed by the Required Lenders, provided, however, that if no such appointment is made and given within 30 days after the delivery of such notice of resignation, the Administrative Agent shall have the right to appoint a successor Administrative Agent. A successor Administrative Agent shall be a commercial bank organized under the laws of the United States of America or any State thereof and having a combined capital, surplus, and undivided profits of at least \$500,000,000 and, provided that no Default or Event of Default shall exist, shall be reasonably satisfactory to the Parent. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent's rights, powers, privileges and duties as Administrative Agent under the Loan Documents shall be terminated. The Credit Parties, the Issuing Bank, the Swing Line Lender and the Lenders shall execute such documents as shall be necessary to effect such appointment. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of the Loan Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under the Loan Documents.

XI. OTHER PROVISIONS

A. Amendments and Waivers

(a) With the written consent of the Required Lenders, the Administrative Agent, the Parent and the other appropriate Credit Parties may, from time to time, enter into written amendments, supplements or modifications of any of the Loan Documents and, with the consent of the Required Lenders, the Administrative Agent on behalf of the Issuing Bank, the Swing Line Lender and the Lenders may execute and deliver to any such parties a written instrument waiving or granting a consent to a departure from, on such terms and conditions as the Administrative Agent may specify in such instrument, any of the requirements of any of the Loan Documents or any Default or Event of Default and its consequences; provided, however, that:

(i) no such amendment, supplement, modification, waiver or consent shall increase or decrease the Commitment of any Lender without the consent of such Lender, or increase or decrease any Individual Currency Commitment of any Lender without the consent of such Lender;

(ii) without the consent of all of the Lenders, (A) extend the Maturity Date, (B) decrease the rate or extend the time of payment of interest of, or extend the time of payment or forgive the principal amount of, or change the pro rata allocation of payments under, any Loan or reimbursement obligation with respect to any Letter of Credit, (C) decrease or extend the time of payment of the Facility Fee or Letter of Credit Commissions, (D) change the provisions of Sections 2.14, 11.1 or 11.7(a), (E) change the definition of Required Lenders, (F) change the definition of Core Currencies so as to add any additional currency as a Core Currency, (G) release the Guaranty, (H) change the several nature of the obligations of the Lenders under the Loan Documents, or (I) increase the Aggregate Commitments to an amount in excess of \$160,000,000;

(iii) without the written consent of the Issuing Bank, no such amendment, supplement, modification or waiver shall change the Letter of Credit Commitment, change the amount or the time of payment of the Letter of Credit Commissions, or change any other term or provision which relates to the Letter of Credit Commitment or the Letters of Credit;

(iv) without the written consent of the Swing Line Lender, no such amendment, supplement, modification or waiver shall change the Swing Line Commitment, change the amount or the time of payment of the Swing Line Loans or interest thereon or change any other term or provision which relates to the Swing Line Commitment or the Swing Line Loans; and

(v) without the written consent of the Administrative Agent, no such amendment, supplement, modification or waiver shall amend, modify or waive any provision of Section 10 or otherwise change any of the rights or obligations of the Administrative Agent under the Loan Documents.

(b) Notwithstanding anything to the contrary contained herein, the Parent may at any time or from time to time, at the Parent's sole cost and expense, request any Lender to increase its Commitment, or any other bank, insurance company, pension fund, mutual fund or other financial institution (each a "Proposed Lender"; each such Proposed Lender to be reasonably satisfactory to the Swing Line Lender and the Issuing Bank) to provide a new Commitment, by submitting a supplement to this Agreement to the Administrative Agent, the Issuing Bank, the Swing Line Lender and the Credit Parties. If such supplement is in all respects satisfactory to it, the Administrative Agent, the Issuing Bank, the Swing Line Lender, the Parent, each other Credit Party and such Lender or Proposed Lender, as the case may be, shall each execute a copy thereof and deliver a copy thereof to the Administrative Agent, the Parent and such

Lender or such Proposed Lender, as the case may be. Upon execution and delivery of such supplement, (i) in the case of such Lender, the amount of such Lender's Commitment shall be increased to the amount set forth in such supplement, (ii) in the case of such Proposed Lender, such Proposed Lender shall become a party hereto and shall for all purposes of this Agreement and the other Loan Documents be deemed a "Lender" with a Commitment and one or more Individual Currency Commitments in the respective amounts set forth in such supplement and (iii) in each case, the Commitments and the Commitment Percentages set forth in Exhibit A-1 and the Individual Commitments set forth in Exhibit A-2 shall be adjusted accordingly by the Administrative Agent and a new Exhibit A-1 and a new Exhibit A-2 shall be distributed by the Administrative Agent to the Parent (on behalf of all Borrowers) and each Lender; provided, however, that:

(x) immediately after giving effect thereto, the Aggregate Commitments shall not exceed \$160,000,000; and

(y) notwithstanding anything to the contrary contained in Section 11.7, if immediately after giving effect to the events described in Sections 11.1(b)(i) or 11.1(b)(ii), as the case may be, Revolving Loans shall or would be outstanding, then such Lender or such Proposed Lender, as the case may be, shall enter into a master assignment and acceptance agreement with the other Lenders in all respects reasonably satisfactory to the other Lenders, pursuant to which each other Lender shall sell, assign, transfer and negotiate to it a portion of its Revolving Loans necessary to reflect the Commitments as adjusted in accordance with Section 11.1(b)(iii).

(c) Any such amendment, supplement, modification or waiver pursuant to this Section 11.1 shall be binding upon the parties to the applicable agreement, all present and future Lenders and the Administrative Agent. In the case of any waiver, the parties to the Loan Documents, the Issuing Bank, the Swing Line Lender, the Lenders and the Administrative Agent shall be restored to their former position and rights thereunder to the extent provided for in such waiver, and any Default or Event of Default waived shall not extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon. The Loan Documents may not be amended orally or by any course of conduct.

(d) If any assignment made pursuant to subsection (b)(y) above shall be made to any Proposed Lender and such Proposed Lender is not a U.S. Person, such Proposed Lender shall furnish such certificates, documents or other evidence to the Parent, the Borrowers, the Lenders and the Administrative Agent as shall be required by Section 2.13(e) or 2.13(f).

B. Notices

All notices and other communications under the Loan Documents shall be given to the parties hereto at the following addresses:

(i) if to the Parent or a Borrower, at its Address for Notices set forth on Exhibit S or as set forth on the applicable Borrower Addendum;

(ii) if to any Lender, at its Address for Notices set forth on Exhibit R;

(iii) if to the Administrative Agent, at its Address for Notices set forth on Exhibit Q;

(iv) if to the Swing Line Lender, at its Address for Notices set forth on Exhibit R;

(v) if to the Issuing Bank, at its Address for Notices set forth on Exhibit R;

or in any of the foregoing cases at such other address and/or to such other Person as a party hereto may hereafter specify for that purpose by written notice to the Parent, the Borrowers and the Administrative Agent. Such notices and other communications will be effective only if and when given in writing, and shall be deemed to have been given three (3) days after deposit in the mail, designated as certified mail, return receipt requested, postage-prepaid, at the applicable address specified above, or when delivered at the applicable address specified above, or when sent by telecopy addressed to the party to which such notice is directed at its address determined as provided above and receipt is confirmed, except that any notice, request or demand by the Parent or any Borrower to or upon the Administrative Agent, the Swing Line Lender, the Issuing Bank or the Lenders pursuant to Sections 2.3, 2.6, 2.9, 2.10, 2.11, 2.12 or 2.19 shall not be effective until received. Any party to a Loan Document may rely on signatures of the parties thereto which are transmitted by fax or other electronic means as fully as if originally signed.

C. No Waiver; Cumulative Remedies

No failure to exercise and no delay in exercising, on the part of the Administrative Agent, the Swing Line Lender, the Issuing Bank or any Lender, any right, remedy, power or privilege under the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under the Loan Documents preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges under the Loan

Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

D. Survival of Representations and Warranties

All representations and warranties made under the Loan Documents and in any document, certificate or statement delivered pursuant thereto or in connection therewith shall survive the execution and delivery thereof.

E. Payment of Expenses and Taxes

The Parent and each Borrower (to the extent of such other Borrower's Proportionate Share of the amount at issue) severally agrees, promptly upon presentation of a statement or invoice therefor, and whether any Loan is made, or any Letter of Credit is issued (i) to pay or reimburse the Administrative Agent for all of the Administrative Agent's out-of-pocket costs and expenses reasonably incurred in connection with the preparation of the Loan Documents and any amendment, supplement or modification (whether or not executed) to the Loan Documents, any documents prepared in connection therewith and the consummation of the transactions contemplated thereby, including the reasonable fees and disbursements of Special Counsel, (ii) to pay or reimburse the Administrative Agent, the Issuing Bank, the Swing Line Lender and the Lenders for all of their respective costs and expenses, including reasonable fees and disbursements of counsel, incurred in connection with (A) any Default or Event of Default and any enforcement or collection proceedings resulting therefrom or in connection with the negotiation of any restructuring or "work-out" (whether consummated or not) of the obligations of the Parent and the Borrowers under the Loan Documents and (B) the enforcement of this Section, (iii) to pay, indemnify, and hold each Lender, the Swing Line Lender, the Issuing Bank and the Administrative Agent harmless from and against, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other similar taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, the Loan Documents and any such other documents, and (iv) to pay, indemnify and hold each Lender, the Swing Line Lender, the Issuing Bank and the Administrative Agent and each of their respective officers, directors and employees harmless from and against any and all other liabilities, obligations, claims, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including reasonable counsel fees and disbursements) with respect to the enforcement and performance of the Loan Documents and the use of the proceeds of the Loans and the Letters of Credit

(all the foregoing, collectively, the "indemnified liabilities"); provided, however, that neither the Parent nor the Borrowers shall have any obligation hereunder to pay indemnified liabilities to the Administrative Agent, the Swing Line Lender, the Issuing Bank or any Lender arising from the finally adjudicated gross negligence or willful misconduct of the Administrative Agent, the Swing Line Lender, the Issuing Bank or such Lender or claims between one indemnified party and another indemnified party. The agreements in this Section shall survive the termination of the Aggregate Commitments, the Swing Line Commitment, the Letter of Credit Commitment and the Individual Currency Commitments and the payment of all amounts payable under the Loan Documents.

F. Determination of Dollar Equivalent

For purposes of the Loan Documents, the Dollar Equivalent of each Alternate Currency Loan and each Letter of Credit designated in an Alternate Currency shall be recalculated (i) on the first day of each Borrowing/Issuance Period, (ii) on the date that the Agent shall have received a Bid Accept/Reject Letter accepting a Bid or a Negotiated Rate Confirmation, (iii) on each date that the Aggregate Commitments are, or the Swing Line Commitment or any Individual Currency Commitment is, reduced and (iv) on the last Business Day of each month unless the Dollar Equivalent was recalculated pursuant to clause (i), (ii) or (iii) during such month. The Dollar Equivalent for each Alternate Currency Loan and each Letter of Credit designated in an Alternate Currency shall remain in effect until the same is recalculated by the Administrative Agent as provided above and notice of such recalculation is received by the Parent, it being understood that until such notice is received, the Dollar Equivalent shall be that Dollar Equivalent. The Administrative Agent shall promptly notify the Parent, the Issuing Bank, the Swing Line Lender and the Lenders of each such determination of the Dollar Equivalent for each Alternate Currency Loan and each Letter of Credit designated in an Alternate Currency.

G. Assignments and Participations

(a) This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the Parent, the Borrowers, the Lenders, the Swing Line Lender, the Issuing Bank, the Administrative Agent, and their respective successors and assigns, except that neither the Parent nor the Borrowers may assign, delegate or transfer any of their rights or obligations under the Loan Documents without the prior written consent of the Administrative Agent, the Issuing Bank, the Swing Line Lender and each Lender.

(b) Except as provided in Section 11.1(b), each Lender shall have the right at any time, upon written notice

to the Administrative Agent of its intent to do so, to sell, assign, transfer or negotiate all or any part of such Lender's rights and obligations under the Loan Documents to one or more of its affiliates, to one or more of the other Lenders (or to affiliates of such other Lenders) or, with the prior written consent of the Parent, the Swing Line Lender and the Issuing Bank (which consents shall not be unreasonably withheld), to sell, assign, transfer or negotiate all or any part of such Lender's rights and obligations under the Loan Documents to any other bank, insurance company, pension fund, mutual fund or other financial institution, provided that (i) each such sale, assignment, transfer or negotiation (other than sales, assignments, transfers or negotiations (x) to affiliates of such Lender or (y) of a Lender's entire interest) shall be in a minimum amount of \$5,000,000, and (ii) there shall be paid to the Administrative Agent by the assigning or assignee Lender a fee (the "Assignment Fee") of \$3,000. For each assignment, the parties to such assignment shall execute and deliver to the Administrative Agent for its acceptance and recording an Assignment and Acceptance Agreement. Upon such execution, delivery, acceptance and recording by the Administrative Agent, from and after the effective date specified in such Assignment and Acceptance Agreement, the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance Agreement, the assignor Lender thereunder shall be released from its obligations under the Loan Documents. Upon any such sale, assignment or other transfer, the Commitments and the Commitment Percentages set forth in Exhibit A-1, and the Individual Currency Commitments set forth in Exhibit A-2, shall be adjusted accordingly by the Administrative Agent and a new Exhibit A-1 and a new Exhibit A-2 shall be distributed by the Administrative Agent to the Parent (on behalf of all Borrowers) and each Lender.

(c) Each Lender may grant participations in all or any part of its rights and obligations under the Loan Documents to one or more of its affiliates, to one or more of the other Lenders (or to affiliates of such other Lenders) or to one or more other banks, insurance companies, pension funds, mutual funds or other financial institutions, provided that (i) such Lender's obligations under the Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties to the Loan Documents for the performance of such obligations, (iii) the Borrowers, the Administrative Agent, the Swing Line Lender, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents, (iv) no sub-participations shall be permitted and (v) the voting rights of any holder of any participation shall be limited to decisions that in accordance with Section 11.1 require the consent of all of the Lenders. The Parent and the Borrowers acknowledge and agree that any such participant shall for

purposes of Sections 2.13, 2.14, 2.15, 2.22, 11.5 and 11.10, be deemed to be a "Lender"; provided, however, neither the Parent nor the Borrowers shall, at any time, be obligated to pay any participant in any interest of any Lender hereunder any sum in excess of the sum which the Parent and the Borrowers would have been obligated to pay to such Lender in respect of such interest had such Lender not sold such participation.

(d) If any (i) assignment is made pursuant to subsection (b) above or (ii) any participation is granted pursuant to subsection (c) above, shall be made to any Person that is not a U.S. Person, such Person shall furnish such certificates, documents or other evidence to the Parent, the Borrowers and the Administrative Agent, in the case of clause (i) and to the Parent, the Borrowers and the Lender which sold such participation in the case of clause (ii), as shall be required by Section 2.13(e) or 2.13(f).

(e) No Lender shall, as between and among the Parent, the Borrowers, the Administrative Agent, the Swing Line Lender, the Issuing Bank and such Lender, be relieved of any of its obligations under the Loan Documents as a result of any sale, assignment, transfer or negotiation of, or granting of participations in, all or any part of its rights and obligations under the Loan Documents, except that a Lender shall be relieved of its obligations under the Loan Documents to the extent of any such sale, assignment, transfer, or negotiation of all or any part of its obligations under the Loan Documents pursuant to subsection (b) above.

(f) Notwithstanding anything to the contrary contained in this Section, any Lender may at any time or from time to time assign all or any portion of its rights under the Loan Documents to a Federal Reserve Bank, provided that any such assignment shall not release such assignor from its obligations thereunder.

H. Counterparts

Each of the Loan Documents may be executed by one or more of the parties thereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same document. It shall not be necessary in making proof of any Loan Document to produce or account for more than one counterpart signed by the party to be charged. An executed counterpart of any Loan Document and of any amendment, modification, consent or waiver thereto or thereof transmitted by fax shall be deemed to be an originally executed counterpart. A copy of any Loan Document signed by all the parties thereto shall be deposited with the Parent (on behalf of all Borrowers) and the Administrative Agent. Any party to any Loan Document may rely upon the signatures of any other party thereto which are

transmitted by fax or other electronic means to the same extent as if originally signed.

I. Adjustments; Set-off

(a) If any Lender (a "Benefited Lender") shall at any time receive any payment of all or any part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 9.1 (g) or (h), or otherwise) in a greater proportion than any such payment to and collateral received by any other Lender in respect of such other Lender's Loans, or interest thereon, such Benefited Lender shall purchase for cash from each of the other Lenders such portion of each such other Lender's Loans, and shall provide each of such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders, provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrowers agree that each Lender so purchasing a portion of another Lender's Loans may exercise all rights of payment (including rights of set-off, to the extent not prohibited by law) with respect to such portion as fully as if such Lender were the direct holder of such portion.

(b) In addition to any rights and remedies of the Lenders provided by law, upon the occurrence of an Event of Default and the acceleration of the obligations owing in connection with the Loan Documents, or at any time upon the occurrence and during the continuance of an Event of Default, under Section 9.1(a), (b), (g) or (h), each Lender shall have the right, without prior notice to the Parent or the Borrowers, any such notice being expressly waived by the Parent and the Borrowers to the extent not prohibited by applicable law, to set-off and apply against any indebtedness, whether matured or unmatured, of the Parent or the Borrowers to such Lender, any amount owing from such Lender to the Parent or the Borrowers, at, or at any time after, the happening of any of the above-mentioned events. To the extent not prohibited by applicable law, the aforesaid right of set-off may be exercised by such Lender against the Parent and the Borrowers or against any trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor of the Parent or the Borrowers, or against anyone else claiming through or against the Parent or the Borrowers or such trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or at-

tachment creditor, notwithstanding the fact that such right of set-off shall not have been exercised by such Lender prior to the making, filing or issuance, or service upon such Lender of, or of notice of, any such petition, assignment for the benefit of creditors, appointment or application for the appointment of a receiver, or issuance of execution, subpoena, order or warrant. Each Lender agrees promptly to notify the Parent, the Borrowers and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. With respect to each Borrower, the right of set-off provided for in this Section 11.9(b) shall be limited to the obligations of such Borrower with respect to Loans made to it and to its Proportionate Share of other costs, expenses and other amounts.

J. Indemnity

Each of the Borrowers to the extent of its Proportionate Share and the Parent severally agree to indemnify and hold harmless the Administrative Agent, the Swing Line Lender, the Issuing Bank and each Lender and their respective affiliates, directors, officers, employees, attorneys and agents (each an "Indemnified Person") with respect to each Indemnified Person's status under the Loan Documents from and against any loss, cost, liability, damage or expense (including the reasonable fees and disbursements of counsel of such Indemnified Person, including all local counsel hired by any such counsel) incurred by such Indemnified Person in investigating, preparing for, defending against, or providing evidence, producing documents or taking any other action in respect of, any commenced or threatened litigation, administrative proceeding or investigation under any federal securities law or any other statute of any jurisdiction, or any regulation, or at common law or otherwise, which is alleged to arise out of or is based upon (i) any untrue statement or alleged untrue statement of any material fact by the Parent or the Borrowers in any document or schedule executed or filed with any Governmental Authority by or on behalf of the Parent or the Borrowers; (ii) any omission or alleged omission to state any material fact required to be stated in such document or schedule, or necessary to make the statements made therein, in light of the circumstances under which made, not misleading; (iii) any acts, practices or omissions or alleged acts, practices or omissions of the Parent or the Borrowers or their respective agents relating to the use of the proceeds of any or all borrowings made by the Borrowers which are alleged to be in violation of Section 2.18, or in violation of any federal securities law or of any other statute, regulation or other law of any jurisdiction applicable thereto; or (iv) any acquisition or proposed acquisition by the Parent or the Borrowers of all or a portion of the Stock, or all or a portion of the assets, of any

Person whether such Indemnified Person is a party thereto. The indemnity set forth herein shall be in addition to any other obligations or liabilities of the Parent and the Borrowers to each Indemnified Person under the Loan Documents or at common law or otherwise, and shall survive any termination of the Loan Documents, the expiration of the Commitments, the Letter of Credit Commitment, the Swing Line Commitment, the Individual Currency Commitments, and the payment of all indebtedness of the Parent and the Borrowers under the Loan Documents, provided that the Parent and the Borrowers shall have no obligation under this Section to an Indemnified Person with respect to any of the foregoing to the extent found in a final judgment of a court having jurisdiction to have resulted out of the gross negligence or wilful misconduct of such Indemnified Person or arising from claims between one such Indemnified Person and another such Indemnified Person.

K. GOVERNING LAW

THE LOAN DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES THERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

L. Severability

Every provision of this Agreement and the other Loan Documents is intended to be severable, and if any term or provision hereof or thereof shall be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof or thereof shall not be affected or impaired thereby, and any invalidity, illegality or unenforceability in any jurisdiction shall not affect the validity, legality or enforceability of any such term or provision in any other jurisdiction.

M. Integration

All exhibits to this Agreement and any other Loan Document shall be deemed to be a part hereof or thereof, as the case may be. Except for agreements between the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Parent with respect to certain fees, the Loan Documents embody the entire agreement and understanding among the Parent, the Borrowers, the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Lenders with respect to the subject matter thereof and supersede all prior agreements and understandings among the Parent, the Borrowers, the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Lenders with respect to the subject matter thereof.

N. Judgment Currency

(a) Each Credit Party's obligations under the Loan Documents to make payments in the Applicable Currency (the "Obligation Currency") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that, on the Business Day immediately following the date of such tender or recovery, the Administrative Agent, the Swing Line Lender, the Issuing Bank or the applicable Lender, as the case may be, may, in accordance with normal banking procedures, purchase the Obligation Currency with such other currency. If for the purpose of obtaining or enforcing judgment against any Credit Party in any court or in any jurisdiction, it becomes necessary to convert into any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in the Obligation Currency, the conversion shall be made at the rate of exchange at which, in accordance with normal banking procedures in the relevant jurisdiction, the Obligation Currency could be purchased with the Judgment Currency as of the day immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "Judgment Currency Conversion Date").

(b) If the amount of Obligation Currency purchased pursuant to the last sentence of subsection (a) above is less than the sum originally due in the Obligation Currency, the applicable Credit Party covenants and agrees to indemnify the applicable recipient against such loss, and if the Obligation Currency so purchased exceeds the sum originally due to such recipient, such recipient agrees to remit to the applicable Credit Party such excess.

0. Confidentiality

Any information disclosed by any Credit Party to the Administrative Agent or any of the Lenders shall be used solely for purposes of the Loan Documents and not in any other manner detrimental to the Parent and, if such information is not otherwise in the public domain, shall not be disclosed by the Administrative Agent or such Lender to any other Person except (i) to its independent accountants, legal counsel and affiliates (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (ii) pursuant to statutory and regulatory requirements or the request of bank examiners, (iii) pursuant to any mandatory court order, subpoena or other legal process, (iv) to the Administrative Agent, the Issuing Bank, the Swing Line Lender or any other Lender, (v) pursuant to any agreement heretofore or hereafter made between such Lender and the Parent which permits such disclosure, (vi) in connection with the exercise of any remedy under the Loan Documents or (vii) subject to an

agreement containing provisions substantially the same as those of this Section, to any participant in or assignee of, or prospective participant in or assignee of, any Loan, Letter of Credit Commitment, Individual Currency Commitment or Commitment (it being understood that prior to any such disclosures contemplated by clauses (ii) and (iii) above, the Agent or such Lender shall, if practicable, give the Parent prior written notice of such disclosure).

P. CONSENT TO JURISDICTION

EACH CREDIT PARTY HEREBY IRREVOCABLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS. EACH CREDIT PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED OR NOT PROHIBITED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Q. Service of Process

Each Credit Party hereby irrevocably consents to the service of process in any suit, action or proceeding by sending the same by certified mail, return receipt requested or by overnight courier service, to the address of such Credit Party set forth in Section 11.2.

R. No Limitation on Service or Suit

Nothing in the Loan Documents or any modification, waiver, consent or amendment thereto shall affect the right of the Administrative Agent, the Swing Line Lender, the Issuing Bank or any Lender to serve process in any manner permitted by law or limit the right of the Administrative Agent, the Swing Line Lender, the Issuing Bank or any Lender to bring proceedings against any Credit Party in the courts of any jurisdiction or jurisdictions in which such Credit Party may be served.

S. WAIVER OF TRIAL BY JURY

EACH OF THE ADMINISTRATIVE AGENT, THE SWING LINE LENDER, THE ISSUING BANK, THE LENDERS AND EACH CREDIT PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY.

T. International Banking Facilities

The Parent and the Borrowers acknowledge that some or all of the Lenders may, in connection with the Loan Documents, utilize an International banking facility (as defined in Regulation D).

Each Borrower which is an entity located outside the United States, understands that it is the policy of the Board of Governors of the Federal Reserve System that deposits received by International banking facilities may be used only to support the non-U.S. operations of a depositor (or its foreign affiliates) located outside the United States and that extensions of credit by International banking facilities may be used only to finance the non-U.S. operations of a customer (or its foreign affiliates) located outside the United States.

Each Borrower which is an entity located outside the United States acknowledges that the proceeds of its borrowings hereunder from an International banking facility will be used solely to finance its operations outside the United States, or that of its foreign affiliates.

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

TIFFANY & CO.,
a Delaware corporation

By: _____
Name: _____
Title: _____

TIFFANY AND COMPANY,
a New York corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. INTERNATIONAL,
a Delaware corporation

By: _____
Name: _____
Title: _____

SOCIETE FRANCAISE POUR LE
DEVELOPPMENT DE LA PORCELAINE
D'ART (S.A.R.L.), a French
corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. OF NEW YORK LIMITED,
a Hong Kong corporation

By: _____
Name: _____
Title: _____

TIFFANY-FARAONE S.P.A.,

an Italian corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. JAPAN INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. PTE. LTD.,
a Singapore corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO.,
a United Kingdom corporation

By: _____
Name: _____
Title: _____

TIFFANY & CO. WATCH FACTORY S.A.,
a Swiss corporation

By: _____
Name: _____
Title: _____

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

THE BANK OF NEW YORK,
as the Swing Line Lender, as
the Issuing Bank, as a Lender,
as Arranging Agent and as
Administrative Agent

By: _____
Name: _____
Title: _____

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

CHEMICAL BANK

By: _____
Name: _____
Title: _____

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

CREDIT SUISSE

By: _____
Name: _____
Title: _____

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

THE DAI-ICHI KANGYO BANK,
LIMITED (NEW YORK BRANCH)

By: _____
Name: _____
Title: _____

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

THE FUJI BANK, LTD.

By: _____
Name: _____
Title: _____

