

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended March 31, 2011
OR

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

For the transition period from _____ to _____

Commission file number 1-11353

**LABORATORY CORPORATION OF
AMERICA HOLDINGS**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-3757370

(I.R.S. Employer Identification No.)

358 South Main Street,
Burlington, North Carolina

(Address of principal executive offices)

27215

(Zip Code)

(Registrant's telephone number, including area code) 336-229-1127

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (paragraph 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated Filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

The number of shares outstanding of the issuer's common stock is 100.2 million shares, net of treasury stock as of April 26, 2011.

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PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)
(unaudited)

	<u>March 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 195.4	\$ 230.7
Accounts receivable, net of allowance for doubtful accounts of \$172.7 and \$149.2 at March 31, 2011 and December 31, 2010, respectively	717.3	655.6
Supplies inventories	98.0	103.4
Prepaid expenses and other	71.8	95.7
Deferred income taxes	65.1	58.4
Total current assets	<u>1,147.6</u>	<u>1,143.8</u>
Property, plant and equipment, net	579.5	586.9
Goodwill, net	2,613.0	2,601.3
Intangible assets, net	1,676.7	1,674.1
Joint venture partnerships and equity method investments	82.6	78.5
Other assets, net	102.2	103.2
Total assets	<u>\$ 6,201.6</u>	<u>\$ 6,187.8</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 215.4	\$ 257.8
Accrued expenses and other	435.2	352.9
Noncontrolling interest	152.3	148.1
Short-term borrowings and current portion of long-term debt	396.8	361.7
Total current liabilities	<u>1,199.7</u>	<u>1,120.5</u>
Long-term debt, less current portion	1,807.9	1,826.7
Deferred income taxes and other tax liabilities	617.2	602.3
Other liabilities	155.2	151.4
Total liabilities	<u>3,780.0</u>	<u>3,700.9</u>
Commitments and contingent liabilities	--	--
Noncontrolling interest	21.2	20.6
Shareholders' equity		
Common stock, 100.2 and 102.4 shares outstanding at March 31, 2011 and December 31, 2010, respectively	12.0	12.2
Additional paid-in capital	17.7	53.9
Retained earnings	3,203.7	3,246.6
Less common stock held in treasury	(937.6)	(934.9)
Accumulated other comprehensive income	104.6	88.5
Total shareholders' equity	<u>2,400.4</u>	<u>2,466.3</u>
Total liabilities and shareholders' equity	<u>\$ 6,201.6</u>	<u>\$ 6,187.8</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2011	2010
Net sales	\$ 1,368.4	\$ 1,193.6
Cost of sales	800.0	686.7
Gross profit	568.4	506.9
Selling, general and administrative expenses	282.8	246.0
Amortization of intangibles and other assets	21.9	17.4
Restructuring and other special charges	27.9	9.3
Operating income	235.8	234.2
Other income (expenses):		
Interest expense	(24.0)	(14.6)
Equity method income, net	1.5	3.8
Investment income	0.3	0.3
Other, net	0.1	(0.6)
Earnings before income taxes	213.7	223.1
Provision for income taxes	83.1	86.9
Net earnings	130.6	136.2
Less: Net earnings attributable to the noncontrolling interest	(3.5)	(3.5)
Net earnings attributable to Laboratory Corporation of America Holdings	\$ 127.1	\$ 132.7
Basic earnings per common share	\$ 1.27	\$ 1.27
Diluted earnings per common share	\$ 1.23	\$ 1.25

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY

(in millions)
(unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total Shareholders' Equity
BALANCE AT DECEMBER 31, 2009	\$ 12.5	\$ 36.7	\$ 2,927.9	\$ (932.5)	\$ 61.5	\$ 2,106.1
Comprehensive earnings:						
Net earnings attributable to Laboratory Corporation of America Holdings	--	--	132.7	--	--	132.7
Other comprehensive earnings:						
Foreign currency translation adjustments	--	--	--	--	25.5	25.5
Interest rate swap adjustments	--	--	--	--	1.1	1.1
Tax effect of other comprehensive earnings adjustments	--	--	--	--	(9.9)	(9.9)
Comprehensive earnings						149.4
Issuance of common stock under employee stock plans	--	18.1	--	--	--	18.1
Surrender of restricted stock awards	--	--	--	(2.4)	--	(2.4)
Stock compensation	--	8.7	--	--	--	8.7
Value of noncontrolling interest put	--	(17.2)	--	--	--	(17.2)
Income tax benefit from stock options exercised	--	1.4	--	--	--	1.4
Purchase of common stock	(0.1)	(47.7)	(57.9)	--	--	(105.7)
BALANCE AT MARCH 31, 2010	<u>\$ 12.4</u>	<u>\$ --</u>	<u>\$ 3,002.7</u>	<u>\$ (934.9)</u>	<u>\$ 78.2</u>	<u>\$ 2,158.4</u>
BALANCE AT DECEMBER 31, 2010	\$ 12.2	\$ 53.9	\$ 3,246.6	\$ (934.9)	\$ 88.5	\$ 2,466.3
Comprehensive earnings:						
Net earnings attributable to Laboratory Corporation of America Holdings	--	--	127.1	--	--	127.1
Other comprehensive earnings:						
Foreign currency translation adjustments	--	--	--	--	23.1	23.1
Interest rate swap adjustments	--	--	--	--	2.4	2.4
Tax effect of other comprehensive earnings adjustments	--	--	--	--	(9.4)	(9.4)
Comprehensive earnings						143.2
Issuance of common stock under employee stock plans	0.1	38.6	--	--	--	38.7
Surrender of restricted stock awards	--	--	--	(2.7)	--	(2.7)
Conversion of zero-coupon convertible debt	--	3.1	--	--	--	3.1
Stock compensation	--	13.1	--	--	--	13.1
Income tax benefit from stock options exercised	--	4.0	--	--	--	4.0
Purchase of common stock	(0.3)	(95.0)	(170.0)	--	--	(265.3)
BALANCE AT MARCH 31, 2011	<u>\$ 12.0</u>	<u>\$ 17.7</u>	<u>\$ 3,203.7</u>	<u>\$ (937.6)</u>	<u>\$ 104.6</u>	<u>\$ 2,400.4</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)
(unaudited)

	Three Months Ended March 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 130.6	\$ 136.2
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	58.1	50.0
Stock compensation	13.1	8.7
(Gain) loss on sale of assets	(0.4)	0.5
Accreted interest on zero-coupon subordinated notes	1.4	1.5
Cumulative earnings less than (in excess of) distribution from equity method investments	(0.4)	0.4
Deferred income taxes	(1.0)	10.0
Change in assets and liabilities (net of effects of acquisitions):		
Increase in accounts receivable (net)	(68.5)	(38.4)
Decrease in inventories	5.6	7.7
Decrease in prepaid expenses and other	16.7	5.0
Decrease in accounts payable	(42.6)	(14.8)
Increase in accrued expenses and other	102.7	65.2
Net cash provided by operating activities	<u>215.3</u>	<u>232.0</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(29.4)	(24.5)
Proceeds from sale of assets	0.4	1.6
Deferred payments on acquisitions	(0.1)	(1.4)
Acquisition of businesses, net of cash acquired	(15.4)	(32.2)
Net cash used for investing activities	<u>(44.5)</u>	<u>(56.5)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facilities	85.0	65.0
Payments on revolving credit facilities	(45.0)	(120.0)
Principal payments on term loan	(18.7)	(12.5)
Payments on zero-coupon subordinated notes	(6.3)	--
Payments on vendor-financed equipment	--	(1.3)
Payment of debt issuance costs	(0.5)	--
Proceeds from sale of interest in a consolidated subsidiary	--	137.5
Cash paid to acquire an interest in a consolidated subsidiary	--	(137.5)
Noncontrolling interest distributions	(1.8)	(2.8)
Excess tax benefits from stock based compensation	3.8	0.9
Net proceeds from issuance of stock to employees	38.7	18.1
Purchase of common stock	(262.3)	(100.3)
Net cash used for financing activities	<u>(207.1)</u>	<u>(152.9)</u>
Effect of exchange rate changes on cash and cash equivalents	1.0	1.1
Net increase (decrease) in cash and cash equivalents	<u>(35.3)</u>	<u>23.7</u>
Cash and cash equivalents at beginning of period	230.7	148.5
Cash and cash equivalents at end of period	<u>\$ 195.4</u>	<u>\$ 172.2</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements include the accounts of Laboratory Corporation of America Holdings (the “Company”) and its majority-owned subsidiaries for which it exercises control. Long-term investments in affiliated companies in which the Company exercises significant influence, but which it does not control, are accounted for using the equity method. Investments in which the Company does not exercise significant influence (generally, when the Company has an investment of less than 20% and no representation on the investee’s board of directors) are accounted for using the cost method. All significant inter-company transactions and accounts have been eliminated. The Company does not have any variable interest entities or special purpose entities whose financial results are not included in the condensed consolidated financial statements.

The financial statements of the Company’s foreign subsidiaries are measured using the local currency as the functional currency. Assets and liabilities are translated at exchange rates as of the balance sheet date. Revenues and expenses are translated at average monthly exchange rates prevailing during the period. Resulting translation adjustments are included in “Accumulated other comprehensive income.”

The accompanying condensed consolidated financial statements of the Company are unaudited. In the opinion of management, all adjustments necessary for a fair statement of results of operations, cash flows and financial position have been made. Except as otherwise disclosed, all such adjustments are of a normal recurring nature. Interim results are not necessarily indicative of results for a full year. The year-end condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles.

The financial statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not contain certain information included in the Company’s 2010 Annual Report on Form 10-K. Therefore, the interim statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company’s annual report.

2. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing net earnings including the impact of dilutive adjustments by the weighted average number of common shares outstanding plus potentially dilutive shares, as if they had been issued at the earlier of the date of issuance or the beginning of the period presented. Potentially dilutive common shares result primarily from the Company’s outstanding stock options, restricted stock awards, performance share awards, and shares issuable upon conversion of zero-coupon subordinated notes.

The following represents a reconciliation of basic earnings per share to diluted earnings per share:

	Three months ended March 31, 2011			Three months ended March 31, 2010		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
Basic earnings per share:						
Net earnings	\$ 127.1	100.3	\$ 1.27	\$ 132.7	104.6	\$ 1.27
Dilutive effect of employee stock options and awards	--	1.3		--	0.8	
Effect of convertible debt, net of tax	--	1.6		--	1.1	
Diluted earnings per share:						
Net earnings including impact of dilutive adjustments	\$ 127.1	103.2	\$ 1.23	\$ 132.7	106.5	\$ 1.25

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

The following table summarizes the potential common shares not included in the computation of diluted earnings per share because their impact would have been antidilutive:

	Three Months Ended March 31,	
	2011	2010
Stock options	0.9	3.6

3. NONCONTROLLING INTEREST PUTS

Effective January 1, 2008 the Company acquired additional partnership units in its Ontario, Canada (“Ontario”) joint venture, bringing the Company’s percentage interest owned to 85.6%. Concurrent with this acquisition, the terms of the joint venture’s partnership agreement were amended. The amended joint venture’s partnership agreement enabled the holders of the noncontrolling interest to put the remaining partnership units to the Company in defined future periods, at an initial amount equal to the consideration paid by the Company in 2008, and subject to adjustment based on market value formulas contained in the agreement.

In December 2009, the Company received notification from the holders of the noncontrolling interest in the Ontario joint venture that they intended to put their remaining partnership units to the Company in accordance with the terms of the joint venture’s partnership agreement. These units were acquired on February 8, 2010 for \$137.5. On February 17, 2010, the Company completed a transaction to sell the units acquired from the previous noncontrolling interest holder to a new Canadian partner for the same price. As a result of this transaction, the Company recorded a component of noncontrolling interest in other liabilities and a component in mezzanine equity. Upon the completion of these two transactions, the Company’s financial ownership percentage in the joint venture partnership remained unchanged at 85.6%. Concurrent with the sale to the new partner, the partnership agreement for the Ontario joint venture was amended and restated with substantially the same terms as the previous agreement. The combined contractual value of these puts, in excess of the current noncontrolling interest of \$27.6, totals \$145.9 at March 31, 2011. At March 31, 2011, \$152.3 has been classified as a current liability in the Company’s condensed consolidated balance sheet as the noncontrolling interest that acquired these units has the ability to put its units in the partnership to the Company on December 31, 2011.

Net sales of the Ontario joint venture were \$74.1 (CN\$73.1) and \$68.9 (CN\$71.7) for the three months ended March 31, 2011 and 2010, respectively.

4. RESTRUCTURING AND OTHER SPECIAL CHARGES

During the first quarter of 2011, the Company recorded net restructuring charges of \$13.1. Of this amount, \$4.0 related to severance and other personnel costs, and \$9.8 related to facility-related costs associated with the integration of Genzyme Genetics*. These charges were offset by a restructuring credit of \$0.7 resulting from the reversal of unused severance and facility closure liabilities. In addition, the Company recorded a special charge of \$14.8 related to a write-off of certain assets and liabilities related to an investment made in a prior year.

During the first quarter of 2010, the Company recorded net restructuring charges of \$3.1 related to severance payments and the closing of redundant and underutilized facilities. Of this amount, \$3.9 related to severance and other employee costs for employees primarily in the affected facilities, and \$0.6 related to contractual obligations associated with leased facilities and other facility related costs. The Company also reduced its prior facility related restructuring accruals by \$1.4 as a result of incurring less cost than planned on those restructuring initiatives primarily due to favorable settlements on lease buyouts. In addition, the Company recorded a special charge of \$6.2 related to the write-off of development costs incurred on systems abandoned during the quarter.

* Genzyme Genetics and its logo are trademarks of Genzyme Corporation and used by Esoterix Genetic Laboratories, LLC (“EGL”), a wholly-owned subsidiary of the Company, under license. EGL and the Company are operated independently from Genzyme Corporation.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

5. RESTRUCTURING RESERVES

The following represents the Company's restructuring activities for the period indicated:

	Severance and Other Employee Costs	Lease and Other Facility Costs	Total
Balance as of December 31, 2010	\$ 4.9	\$ 12.9	\$ 17.8
Restructuring charges	4.0	9.8	13.8
Reduction of prior restructuring accruals	(0.6)	(0.1)	(0.7)
Cash payments and other adjustments	(2.7)	(2.6)	(5.3)
Balance as of March 31, 2011	<u>\$ 5.6</u>	<u>\$ 20.0</u>	<u>\$ 25.6</u>
Current			\$ 13.3
Non-current			12.3
			<u>\$ 25.6</u>

6. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the three-month period ended March 31, 2011 and for the year ended December 31, 2010 are as follows:

	March 31, 2011	December 31, 2010
Balance as of January 1	\$ 2,601.3	\$ 1,897.1
Goodwill acquired during the period	11.2	704.4
Adjustments to goodwill	0.5	(0.2)
Balance at end of period	<u>\$ 2,613.0</u>	<u>\$ 2,601.3</u>

The components of identifiable intangible assets are as follows:

	March 31, 2011		December 31, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	\$ 1,149.0	\$ (384.9)	\$ 1,146.0	\$ (370.0)
Patents, licenses and technology	144.7	(78.8)	144.7	(75.7)
Non-compete agreements	27.4	(10.7)	26.6	(9.4)
Trade name	123.3	(52.9)	123.3	(50.3)
Canadian licenses	759.6	--	738.9	--
	<u>\$ 2,204.0</u>	<u>\$ (527.3)</u>	<u>\$ 2,179.5</u>	<u>\$ (505.4)</u>

Amortization of intangible assets for the three month periods ended March 31, 2011 and 2010 was \$21.9 and \$17.4, respectively. Amortization expense for the net carrying amount of intangible assets is estimated to be \$64.4 for the remainder of fiscal 2011, \$81.9 in fiscal 2012, \$76.4 in fiscal 2013, \$73.5 in fiscal 2014, \$69.9 in fiscal 2015 and \$551.0 thereafter.

The Ontario operation had \$759.6 and \$738.9 of value assigned to the partnership's indefinite lived Canadian licenses to conduct diagnostic testing services in the province as of March 31, 2011 and December 31, 2010, respectively.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

7. DEBT

Short-term borrowings and the current portion of long-term debt at March 31, 2011 and December 31, 2010 consisted of the following:

	March 31, 2011	December 31, 2010
Zero-coupon convertible subordinated notes	\$ 281.8	\$ 286.7
Term loan, current	75.0	75.0
Revolving credit facility	40.0	--
Total short-term borrowings and current portion of long-term debt	<u>\$ 396.8</u>	<u>\$ 361.7</u>

Long-term debt at March 31, 2011 and December 31, 2010 consisted of the following:

	March 31, 2011	December 31, 2010
Senior notes due 2013	\$ 350.8	\$ 350.9
Senior notes due 2015	250.0	250.0
Senior notes due 2016	325.0	325.0
Senior notes due 2020	600.0	600.0
Term loan, non-current	281.3	300.0
Other long-term debt	0.8	0.8
Total long-term debt	<u>\$ 1,807.9</u>	<u>\$ 1,826.7</u>

Zero-coupon Subordinated Notes

On March 14, 2011, the Company announced that for the period of March 12, 2011 to September 11, 2011, the zero-coupon subordinated notes will accrue contingent cash interest at a rate of no less than 0.125% of the average market price of a zero-coupon subordinated note for the five trading days ended March 9, 2011, in addition to the continued accrual of the original issue discount.

On April 4, 2011, the Company announced that its zero-coupon subordinated notes may be converted into cash and common stock at the conversion rate of 13.4108 per \$1,000 principal amount at maturity of the notes, subject to the terms of the zero-coupon subordinated notes and the Indenture, dated as of October 24, 2006 between the Company and The Bank of New York Mellon, as trustee and conversion agent. In order to exercise the option to convert all or a portion of the zero-coupon subordinated notes, holders are required to validly surrender their zero-coupon subordinated notes at any time during the calendar quarter beginning April 1, 2011, through the close of business on the last business day of the calendar quarter, which is 5:00 p.m., New York City time, on Thursday, June 30, 2011. In April 2011, the Company settled notices to convert approximately \$42.0 aggregate principal amount at maturity of the notes into cash and common stock with a total conversion value of approximately \$53.8.

Credit Facilities

The balances outstanding on the Company's Term Loan Facility at March 31, 2011 and December 31, 2010 were \$356.3 and \$375.0, respectively. The balance outstanding on the Company's Revolving Facility at March 31, 2011 and December 31, 2010 was \$40.0 and \$0.0, respectively. The Term Loan Facility and Revolving Facility bear interest at varying rates based upon LIBOR plus a percentage based on the Company's credit rating with Standard & Poor's Ratings Services. The Term Loan Facility and Revolving Facility contain certain debt covenants which require that the Company maintain a leverage ratio of no more than 2.5 to 1.0 and an interest coverage ratio of at least 5.0 to 1.0. Both ratios are calculated in relation to EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization). The credit agreement allows payment of dividends provided that the Company is not in default (as defined in the agreement) and its leverage ratio is less than 2.0 to 1.0. The Company was in compliance with all covenants as of March 31, 2011. As of March 31, 2011, the leverage and interest coverage ratios were 1.8 to 1.0 and 15.9 to 1.0, respectively.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

As of March 31, 2011, the effective interest rates on the Term Loan Facility and Revolving Facility were 0.93% and 0.61%, respectively.

8. PREFERRED STOCK AND COMMON SHAREHOLDERS' EQUITY

The Company is authorized to issue up to 265.0 shares of common stock, par value \$0.10 per share. The Company's treasury shares are recorded at aggregate cost. The Company is authorized to issue up to 30.0 shares of preferred stock, par value \$0.10 per share. There were no preferred shares outstanding as of March 31, 2011.

The changes in common shares issued and held in treasury are summarized below:

	Issued	Held in Treasury	Outstanding
Common shares at December 31, 2010	124.5	(22.1)	102.4
Common stock issued under employee stock plans	0.8	--	0.8
Surrender of restricted stock and performance share awards	--	(0.1)	(0.1)
Retirement of common stock	(2.9)	--	(2.9)
Common shares at March 31, 2011	<u>122.4</u>	<u>(22.2)</u>	<u>100.2</u>

Share Repurchase Program

As of December 31, 2010, the Company had outstanding authorization from the Board of Directors to purchase approximately \$234.3 of Company common stock. On February 10, 2011, the Company announced the Board of Directors authorized the purchase of \$500.0 of additional shares of the Company's common stock. During the three months ended March 31, 2011, the Company purchased approximately 2.9 shares of its common stock at a total cost of approximately \$265.3. As of March 31, 2011, the Company had outstanding authorization from the Board of Directors to purchase approximately \$469.0 of Company common stock.

9. INCOME TAXES

The Company does not recognize a tax benefit, unless the Company concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognizes a tax benefit measured at the largest amount of the tax benefit that the Company believes is greater than 50% likely to be realized.

The gross unrecognized income tax benefits were \$55.7 and \$53.6 at March 31, 2011 and December 31, 2010, respectively. It is anticipated that the amount of the unrecognized income tax benefits will change within the next twelve months; however, these changes are not expected to have a significant impact on the results of operations, cash flows or the financial position of the Company.

As of March 31, 2011 and December 31, 2010, \$56.6 and \$54.6, respectively, is the approximate amount of unrecognized income tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods.

The Company recognizes interest and penalties related to unrecognized income tax benefits in income tax expense. Accrued interest and penalties related to uncertain tax positions totaled \$13.0 and \$12.2 as of March 31, 2011 and December 31, 2010, respectively.

The Company has substantially concluded all U.S. federal income tax matters for years through 2006. Substantially all material state and local, and foreign income tax matters have been concluded through 2005 and 2001, respectively.

The Company has various state income tax examinations ongoing throughout the year. Management believes adequate provisions have been recorded related to all open tax years.

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10. COMMITMENTS AND CONTINGENCIES

The Company is involved in a number of judicial, regulatory, and arbitration proceedings (including those described below) concerning matters arising in connection with the conduct of the Company's business activities. Many of these proceedings are at preliminary stages, and many of these cases seek an indeterminate amount of damages.

The Company records an aggregate legal reserve, which is determined using actuarial calculations around historical loss rates and assessment of trends experienced in settlements and defense costs. In accordance with ASC 450 "Contingencies", the Company establishes reserves for judicial, regulatory, and arbitration matters outside the aggregate legal reserve if and when those matters present loss contingencies that are both probable and estimable and would exceed the aggregate legal reserve. When loss contingencies are not both probable and estimable, the Company does not establish separate reserves.

Management is unable to estimate a range of reasonably possible loss for cases described below in which damages either have not been specified or, in Management's judgment, are unsupported and/or exaggerated and (i) the proceedings are in early stages; (ii) there is uncertainty as to the outcome of pending appeals or motions; (iii) there are significant factual issues to be resolved; and/or (iv) there are novel legal issues to be presented. For these cases, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material adverse effect on the Company's financial condition, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period.

A subsidiary of the Company, DIANON Systems, Inc. ("DIANON"), is the appellant in a wrongful termination lawsuit originally filed by G. Berry Schumann in Superior Court in the State of Connecticut. After a jury trial, the state court entered judgment against DIANON, with total damages, attorney's fees, and pre-judgment interest payable by DIANON, of approximately \$10.0. DIANON filed a notice of appeal in December 2009, and the case has been transferred to the Connecticut Supreme Court. If reached by the Connecticut Supreme Court, the appeal is subject to assignment for oral argument from May 16 through May 20, 2011. DIANON has disputed liability and intends to contest the case vigorously on appeal.

As previously reported on May 22, 2006, the Company received a subpoena from the California Attorney General seeking documents related to billing to the state's Medicaid program. During the third quarter of 2008, the Company received a request from the California Attorney General for additional information. On March 20, 2009, a qui tam lawsuit, *California ex rel. Hunter Laboratories, LLC et al. v. Quest Diagnostics Incorporated, et al.*, which was joined by the California Attorney General and to which the previous subpoena related, was unsealed. The lawsuit was brought against the Company and several other major laboratories operating in California and alleges that the defendants improperly billed the state Medicaid program and, therefore, violated the California False Claims Act. The original complaint was dismissed on the basis of (i) misjoinder and (ii) lack of particularity in the claims and a separate amended complaint was filed against the Company on December 14, 2009. The complaint against the Company seeks refund of alleged overpayments made to the Company from November 7, 1995 through November 2009, plus simple interest of 7% per year, calculated as of the filing date to total \$97.5. In addition, the suit seeks continuing damages past November 2009 plus treble damages, civil penalties of \$0.01 per each alleged false claim, recovery of costs, attorney's fees, and legal expenses, and pre- and post-judgment interest. The Company filed an answer to the new Complaint on February 5, 2010. The Company participated in mediation on December 6, 2010, February 10, 2011 and April 7, 2011. Another mediation session is scheduled for June 9, 2011. The case is currently scheduled for trial on January 30, 2012.

During the third quarter of 2010, the Company responded to an audit from the California Department of Health Care Services ("DHCS") of one of the Company's California laboratories for the period of January 1, 2010 through June 30, 2010. DHCS subsequently indicated that this laboratory charged the Medi-Cal program more than what was charged to other payers for some lab services and that this is inconsistent with DHCS's current interpretation of California regulations. DHCS provided the Company with a proposed agreement related to the Company's billing to the Medi-Cal program, including a requirement that the Company charge Medi-Cal the "lowest price" it charges others for a particular laboratory test. The Company disagrees with DHCS' contentions and interpretation of its regulations and believes that it has properly charged the Medi-Cal program under all applicable laws and regulations. The

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Company has subsequently received a self-audit letter and a similar audit request relating to another Company laboratory. The Company is continuing to cooperate with DHCS with respect to the audits.

In addition, the Company has received three other subpoenas since 2007 related to Medicaid billing. In June 2010, the Company received a subpoena from the State of Florida requesting documents related to its billing to Florida Medicaid. In February 2009, the Company received a subpoena from the Commonwealth of Virginia seeking documents related to the Company's billing for state Medicaid. In October 2009, the Company received a subpoena from the State of Michigan seeking documents related to its billing to Michigan Medicaid. The Company also responded to an October 2007 subpoena from the United States Office of Inspector General's regional office in New York and a September 2009 subpoena from the United States Office of Inspector General's regional office in Massachusetts regarding certain of its billing practices. The Company is cooperating with the requests.

On August 19, 2010, Aetna, Inc., Aetna Health Holdings, LLC and Aetna Health Management, LLC filed a lawsuit against Laboratory Corporation of America Holdings in the United States District Court for the Eastern District of Pennsylvania, alleging unfair competition, misrepresentation, interference and breach of contract, and violation of trade secret laws. Aetna is seeking unspecified monetary damages and equitable relief. The Company has filed a motion to dismiss the complaint and the proceeding remains at a preliminary stage. The Company intends to vigorously defend the lawsuit.

The Company acquired certain assets of Westcliff Medical Laboratories ("Westcliff") on June 16, 2010. On June 25, 2010, the Company and the Federal Trade Commission ("FTC") entered into a letter agreement ("Agreement") whereby the Company agreed to hold the Westcliff business separate and independent of the Company from the date the Company acquired the Westcliff assets until the Agreement was set to terminate on December 3, 2010. The Company subsequently responded to a subpoena and Civil Investigative Demand from the FTC and on December 1, 2010, the FTC issued an administrative complaint challenging the Westcliff acquisition ("Administrative Proceeding"). The FTC initiated an action in federal court seeking a preliminary injunction to prevent the Company from integrating the Westcliff assets upon the expiration of the Agreement. The federal district court denied the FTC's request and ruled in favor of the Company. The FTC's subsequent appeal to the Ninth Circuit Court of Appeals was denied, whereupon the FTC dismissed the Administrative Proceeding on April 21, 2011. The matter has resolved in the Company's favor.

The Company is involved from time to time in various claims and legal actions, including arbitrations, class actions, and other litigation, arising in the ordinary course of business. Some of these actions involve claims that are substantial in amount. These matters include, but are not limited to, intellectual property disputes, professional liability, employee related matters, and inquiries, including subpoenas and other civil investigative demands, from governmental agencies and Medicare or Medicaid payers and managed care payers reviewing billing practices or requesting comment on allegations of billing irregularities that are brought to their attention through billing audits or third parties. The Company receives civil investigative demands or other inquiries from various governmental bodies in the ordinary course of its business. Such inquiries can relate to the Company or other healthcare providers. The Company works cooperatively to respond to appropriate requests for information.

The Company is also named from time to time in suits brought under the qui tam provisions of the False Claims Act and comparable state laws. These suits typically allege that the Company has made false statements and/or certifications in connection with claims for payment from federal or state health care programs. They may remain under seal (hence, unknown to the Company) for some time while the government decides whether to intervene on behalf of the qui tam plaintiff. Such claims are an inevitable part of doing business in the health care field today.

The Company believes that it is in compliance in all material respects with all statutes, regulations and other requirements applicable to its clinical laboratory operations. The clinical laboratory testing industry is, however, subject to extensive regulation, and the courts have not interpreted many of these statutes and regulations. There can be no assurance therefore that those applicable statutes and regulations will not be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that would adversely affect the Company. Potential sanctions for violation of these statutes and regulations include significant fines and the loss of various licenses, certificates and authorizations.

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Under the Company's present insurance programs, coverage is obtained for catastrophic exposure as well as those risks required to be insured by law or contract. The Company is responsible for the uninsured portion of losses related primarily to general, professional and vehicle liability, certain medical costs and workers' compensation. The self-insured retentions are on a per occurrence basis without any aggregate annual limit. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregated liability of claims incurred. At March 31, 2011, the Company had provided letters of credit aggregating approximately \$37.3, primarily in connection with certain insurance programs. The Company's availability under its Revolving Facility is reduced by the amount of these letters of credit.

At March 31, 2011, the Company was a guarantor on approximately \$1.3 of equipment leases. These leases were entered into by a joint venture in which the Company owns a 50% interest and have a remaining term of approximately one year.

11. PENSION AND POSTRETIREMENT PLANS

The Company's defined contribution retirement plan (the "401K Plan") covers substantially all employees. All employees eligible for the 401K Plan receive a minimum 3% non-elective contribution concurrent with each payroll period. The 401K Plan also permits discretionary contributions by the Company of 1% to 3% of pay for eligible employees based on service. The cost of this plan was \$11.7 and \$10.0 for the three months ended March 31, 2011 and 2010, respectively.

The Company also maintains a frozen defined benefit retirement plan (the "Company Plan"), that as of December 31, 2009, covered substantially all employees. The benefits to be paid under the Company Plan are based on years of credited service through December 31, 2009 and ongoing interest credits. Effective January 1, 2010, the Company Plan was closed to new participants. The Company's policy is to fund the Company Plan with at least the minimum amount required by applicable regulations.

The Company maintains a second unfunded, non-contributory, non-qualified defined benefit retirement plan (the "PEP"), that as of December 31, 2009, covered substantially all of its senior management group. The PEP supplements the Company Plan and was closed to new participants effective January 1, 2010.

The effect on operations for the Company Plan and the PEP is summarized as follows:

	Three Months Ended March 31,	
	2011	2010
Service cost for benefits earned	\$ 0.6	\$ 0.7
Interest cost on benefit obligation	4.4	4.6
Expected return on plan assets	(4.5)	(4.7)
Net amortization and deferral	1.7	2.0
Defined benefit plan costs	\$ 2.2	\$ 2.6

For the three months ended March 31, 2011 and 2010, the Company made no contributions to its defined benefit retirement plan.

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The Company assumed obligations under a subsidiary's post-retirement medical plan. Coverage under this plan is restricted to a limited number of existing employees of the subsidiary. This plan is unfunded and the Company's policy is to fund benefits as claims are incurred. The effect on operations of the post-retirement medical plan is shown in the following table:

	Three Months Ended March 31,	
	2011	2010
Service cost for benefits earned	\$ 0.1	\$ 0.1
Interest cost on benefit obligation	0.6	0.6
Net amortization and deferral	--	(0.2)
Post-retirement medical plan costs	<u>\$ 0.7</u>	<u>\$ 0.5</u>

12. FAIR VALUE MEASUREMENTS

The Company's population of financial assets and liabilities subject to fair value measurements as of March 31, 2011 and December 31, 2010 are as follows:

	Fair value as of March 31, 2011	Fair Value Measurements as of March 31, 2011 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Noncontrolling interest puts	\$ 173.5	\$ --	\$ 173.5	\$ --

Derivatives

Embedded derivatives related to the zero-coupon subordinated notes	\$ --	\$ --	\$ --	\$ --
Interest rate swap liability	--	--	--	--
Total fair value of derivatives	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

	Fair value as of December 31, 2010	Fair Value Measurements as of December 31, 2010 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Noncontrolling interest puts	\$ 168.7	\$ --	\$ 168.7	\$ --

Derivatives

Embedded derivatives related to the zero-coupon subordinated notes	\$ --	\$ --	\$ --	\$ --
Interest rate swap liability	2.4	--	2.4	--
Total fair value of derivatives	<u>\$ 2.4</u>	<u>\$ --</u>	<u>\$ 2.4</u>	<u>\$ --</u>

The noncontrolling interest puts are valued at their contractually determined values, which approximate fair values. The fair values for the embedded derivatives and interest rate swap are based on observable inputs or quoted market prices from various banks for similar instruments.

The carrying amounts of cash and cash equivalents, accounts receivable, income taxes receivable, and accounts payable are considered to be representative of their respective fair values due to their short-term nature. The fair market value of the zero-coupon subordinated notes, based on market pricing, was approximately \$420.2 and \$419.5 as of March 31, 2011 and December 31, 2010, respectively. The fair market value of the senior notes, based on market pricing, was approximately \$1,568.5 and \$1,549.8 as of March 31, 2011 and December 31, 2010, respectively. As of March 31, 2011 and December 31, 2010, the estimated fair market value of the Company's variable rate debt of \$394.3 and \$370.1, respectively, was estimated by calculating the net present value of related cash flows, discounted at current market rates.

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13. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company addresses its exposure to market risks, principally the market risk associated with changes in interest rates, through a controlled program of risk management that includes, from time to time, the use of derivative financial instruments such as interest rate swap agreements (see Interest Rate Swap section below). Although the Company's zero-coupon subordinated notes contain features that are considered to be embedded derivative instruments (see Embedded Derivative section below), the Company does not hold or issue derivative financial instruments for trading purposes. The Company does not believe that its exposure to market risk is material to the Company's financial position or results of operations.

Interest Rate Swap

The interest rate swap agreement to hedge variable interest rate risk on the Company's variable interest rate term loan expired on March 31, 2011. On a quarterly basis under the swap, the Company paid a fixed rate of interest (2.92%) and received a variable rate of interest based on the three-month LIBOR rate on an amortizing notional amount of indebtedness equivalent to the term loan balance outstanding. The swap was designated as a cash flow hedge. Accordingly, the Company recognized the fair value of the swap in the condensed consolidated balance sheets and any changes in the fair value were recorded as adjustments to accumulated other comprehensive income (loss), net of tax. The fair value of the interest rate swap agreement was the estimated amount that the Company would have paid or received to terminate the swap agreement at the reporting date. The fair value of the swap was a liability of \$2.4 at December 31, 2010 and was included in other liabilities in the respective condensed consolidated balance sheet.

Embedded Derivatives Related to the Zero-Coupon Subordinated Notes

The Company's zero-coupon subordinated notes contain the following two features that are considered to be embedded derivative instruments under authoritative guidance in connection with accounting for derivative instruments and hedging activities:

- 1) The Company will pay contingent cash interest on the zero-coupon subordinated notes after September 11, 2006, if the average market price of the notes equals 120% or more of the sum of the issue price, accrued original issue discount and contingent additional principal, if any, for a specified measurement period.
- 2) Holders may surrender zero-coupon subordinated notes for conversion during any period in which the rating assigned to the zero-coupon subordinated notes by Standard & Poor's Ratings Services is BB- or lower.

The Company believes these embedded derivatives had no fair value at March 31, 2011 and December 31, 2010. These embedded derivatives also had no impact on the condensed consolidated statements of operations for the three months ended March 31, 2011 and 2010.

The following table summarizes the fair value and presentation in the condensed consolidated balance sheets for derivatives designated as hedging instruments (interest rate swap liability derivative) as of March 31, 2011 and December 31, 2010, respectively:

<u>Balance Sheet Location</u>	Fair Value as of	
	March 31, 2011	December 31, 2010
Other liabilities	\$ --	\$ 2.4

The following table summarizes the effect of the interest rate swap on other comprehensive income for the three months ended March 31, 2011 and 2010:

	2011	2010
Effective portion of derivative gain	\$ 2.4	\$ 1.1

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14. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2011	2010
Supplemental schedule of cash flow information:		
Cash paid during period for:		
Interest	\$ 13.0	\$ 13.5
Income taxes, net of refunds	7.5	10.6
Disclosure of non-cash financing and investing activities:		
Accrued repurchases of common stock	\$ 3.0	\$ 5.4

15. PROPOSED ACQUISITION

In April 2011, the Company and Orchid Cellmark Inc. (“Orchid”) announced that they had entered into a definitive agreement and plan of merger under which the Company will acquire all of the outstanding shares of Orchid in a cash tender offer for \$2.80 per share for a total purchase price to stockholders and optionholders of approximately \$85.4. The tender offer and the merger are subject to customary closing conditions set forth in the agreement and plan of merger, including the acquisition in the tender offer of a majority of Orchid’s fully diluted shares and the expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The closing of the acquisition is expected in the second quarter of 2011. The Company has received lawsuits filed by putative classes of shareholders of Orchid in New Jersey and Delaware state courts alleging breaches of fiduciary duty and/or other violations of state law arising out of the proposed acquisition of Orchid. Both Orchid and the Company are named in the lawsuits, which will be vigorously defended.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**FORWARD-LOOKING STATEMENTS**

The Company has made in this report, and from time to time may otherwise make in its public filings, press releases and discussions by Company management, forward-looking statements concerning the Company's operations, performance and financial condition, as well as its strategic objectives. Some of these forward-looking statements can be identified by the use of forward-looking words such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates", or "anticipates" or the negative of those words or other comparable terminology. Such forward-looking statements are subject to various risks and uncertainties and the Company claims the protection afforded by the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those currently anticipated due to a number of factors in addition to those discussed elsewhere herein and in the Company's other public filings, press releases and discussions with Company management, including:

1. changes in federal, state, local and third party payer regulations or policies or other future reforms in the health care system (or in the interpretation of current regulations), new insurance or payment systems, including state or regional insurance cooperatives, new public insurance programs or a single-payer system, affecting governmental and third-party coverage or reimbursement for clinical laboratory testing;
2. adverse results from investigations or audits of clinical laboratories by the government, which may include significant monetary damages, refunds and/or exclusion from the Medicare and Medicaid programs;
3. loss or suspension of a license or imposition of a fine or penalties under, or future changes in, or interpretations of, the law or regulations of the Clinical Laboratory Improvement Act of 1967, and the Clinical Laboratory Improvement Amendments of 1988, or those of Medicare, Medicaid, the False Claims Act or other federal, state or local agencies;
4. failure to comply with the Federal Occupational Safety and Health Administration requirements and the Needlestick Safety and Prevention Act, which may result in penalties and loss of licensure;
5. failure to comply with HIPAA, including changes to federal and state privacy and security obligations and changes to HIPAA, including those changes included within HITECH and any subsequent amendments, which could result in increased costs, denial of claims and/or significant penalties;
6. failure to maintain the security of customer-related information or compliance with security requirements could damage the Company's reputation with customers, cause it to incur substantial additional costs and become subject to litigation;
7. failure of the Company, third party payers or physicians to comply with Version 5010 Transactions by January 1, 2012 or the ICD-10-CM Code Set issued by the Department of Health and Human Services and effective for claims submitted as of October 1, 2013;
8. increased competition, including competition from companies that do not comply with existing laws or regulations or otherwise disregard compliance standards in the industry;
9. increased price competition, competitive bidding for laboratory tests and/or changes or reductions to fee schedules;
10. changes in payer mix, including an increase in capitated reimbursement mechanisms or the impact of a shift to consumer-driven health plans;
11. failure to obtain and retain new customers and alliance partners, or a reduction in tests ordered or specimens submitted by existing customers;
12. failure to retain or attract managed care business as a result of changes in business models, including new risk based or network approaches, or other changes in strategy or business models by managed care companies;

13. failure to effectively integrate and/or manage newly acquired businesses, including Genzyme Genetics, and the cost related to such integrations;
14. the effects of the acquisition of Genzyme Genetics on the Company's cash position and levels of indebtedness;
15. adverse results in litigation matters;
16. inability to attract and retain experienced and qualified personnel;
17. failure to maintain the Company's days sales outstanding and/or bad debt expense levels;
18. decrease in the Company's credit ratings by Standard & Poor's and/or Moody's;
19. discontinuation or recalls of existing testing products;
20. failure to develop or acquire licenses for new or improved technologies, or if customers use new technologies to perform their own tests;
21. inability to commercialize newly licensed tests or technologies or to obtain appropriate coverage or reimbursement for such tests, which could result in impairment in the value of certain capitalized licensing costs;
22. changes in government regulations or policies, including regulations and policies of the Food and Drug Administration, affecting the approval, availability of, and the selling and marketing of diagnostic tests;
23. inability to obtain and maintain adequate patent and other proprietary rights for protection of the Company's products and services and successfully enforce the Company's proprietary rights;
24. the scope, validity and enforceability of patents and other proprietary rights held by third parties which might have an impact on the Company's ability to develop, perform, or market the Company's tests or operate its business;
25. failure in the Company's information technology systems resulting in an increase in testing turnaround time or billing processes or the failure to meet future regulatory or customer information technology, data security and connectivity requirements;
26. failure of the Company's financial information systems resulting in failure to meet required financial reporting deadlines;
27. failure of the Company's disaster recovery plans to provide adequate protection against the interruption of business and/or to permit the recovery of business operations;
28. business interruption or other impact on the business due to adverse weather (including hurricanes), fires and/or other natural disasters, terrorism or other criminal acts, and/or widespread outbreak of influenza or other pandemic illness;
29. liabilities that result from the inability to comply with corporate governance requirements;
30. significant deterioration in the economy or financial markets which could negatively impact the Company's testing volumes, cash collections and the availability of credit for general liquidity or other financing needs;
31. changes in reimbursement by foreign governments and foreign currency fluctuations; and
32. expenses and risks associated with international operations, including compliance with laws and regulations that differ from the United States, and economic, political, legal, operational and other risks associated with foreign markets.

GENERAL (dollars in millions, except per share data)

During the first three months of 2011, the Company continued to strengthen its financial performance through volume growth in its core and esoteric testing, pricing discipline and expense control.

On December 1, 2010, the Company acquired Genzyme Genetics, a business unit of Genzyme Corporation, for approximately \$925.2 in cash (net of cash acquired). The Genzyme Genetics acquisition was made to expand the Company's capabilities in reproductive, genetic, hematology-oncology and clinical trials central laboratory testing, enhance the Company's esoteric testing capabilities and advance the Company's personalized medicine strategy.

On October 28, 2010, in conjunction with the acquisition of Genzyme Genetics, the Company entered into a \$925.0 bridge term loan credit agreement. The Company replaced and terminated the bridge term loan credit agreement in November 2010 by making an offering in the debt capital markets. On November 19, 2010, the Company sold \$925.0 in debt securities, consisting of \$325.0 aggregate principal amount of 3.125% Senior Notes due May 15, 2016 and \$600.0 aggregate principal amount of 4.625% Senior Notes due November 15, 2020.

Due to the normal post-acquisition enrollment process for government payers and contract assignment process for managed care payers, the Company has experienced delays in billing for services rendered by Genzyme Genetics. Cash collections, receivable agings and DSO in the first quarter of 2011 were negatively impacted by these delays. The Company expects the delays to be resolved in due course and the related billings and collections to be brought up-to-date during the second quarter of 2011. The acquisition of Genzyme Genetics is expected to be approximately \$0.25 to \$0.35 dilutive to the Company's earnings per share in fiscal year 2011.

RESULTS OF OPERATIONS (amounts in millions except Revenue Per Requisition info)

Operating results for the three months ended March 31, 2011 and 2010 were negatively impacted by severe winter weather primarily in the eastern and middle sections of the country. The Company's testing facilities were not damaged by the severe winter weather; however, specimen volume was negatively impacted due to patients' inability to visit doctors' offices and patient service centers – the sources of the majority of testing volume. During the quarters ended March 31, 2011 and 2010 inclement weather had a significant impact on the Company's results, reducing volume by an estimated 0.5 and 0.6, respectively, and reducing revenue by an estimated \$22.0 and \$23.0, respectively.

Three months ended March 31, 2011 compared with three months ended March 31, 2010

Net Sales

	Quarter ended March 31,		% Change
	2011	2010	
Net sales			
Routine Testing	\$ 776.0	\$ 718.3	8.0%
Genomic and Esoteric Testing	518.3	406.4	27.6%
Ontario, Canada	74.1	68.9	7.5%
Total	\$ 1,368.4	\$ 1,193.6	14.6%

	Number of Requisitions Quarter ended March 31,		% Change
	2011	2010	
Volume			
Routine Testing	21.3	20.3	5.0%
Genomic and Esoteric Testing	7.2	6.5	11.2%
Ontario, Canada	2.3	2.3	(0.4)%
Total	30.8	29.1	5.9%

	Quarter ended March 31,		% Change
	2011	2010	
Revenue Per Requisition			
Routine Testing	\$ 36.44	\$ 35.40	2.9%
Genomic and Esoteric Testing	71.83	62.64	14.7%
Ontario, Canada	32.55	30.14	8.0%
Total	\$ 44.44	\$ 41.07	8.2%

The increase in net sales for the three months ended March 31, 2011 as compared with the corresponding 2010 period was driven primarily by incremental revenue from recent acquisitions including Genzyme Genetics (8% of growth) and Westcliff (1.9% of growth), the Company's continued shift in test mix to higher priced genomic and esoteric tests along with growth in revenue per requisition for such testing, and increases in the Canadian exchange rate. Genomic and esoteric testing volume as a percentage of total volume increased from 22.3% in 2010 to 23.4% in 2011. Revenue per requisition and volume growth for genomic and esoteric testing was primarily due to the incremental revenue and volume from Genzyme Genetics. Net sales of the Ontario joint venture were \$74.1 for the three months ended March 31, 2011 compared to \$68.9 in the corresponding 2010 period, an increase of \$5.2, or 7.5%. Net sales of the Ontario joint venture were impacted by a weaker U.S. dollar in 2011 as compared with 2010. In Canadian dollars, net sales of the Ontario joint venture increased by CN\$1.4, or 2.0%.

	Quarter ended March 31,		% Change
	2011	2010	
Cost of sales	\$ 800.0	\$ 686.7	16.5%
Cost of sales as a % of sales	58.5%	57.5%	

Cost of sales (primarily laboratory and distribution costs) increased 16.5% in the 2011 period as compared with the 2010 period primarily due to incremental costs from recent acquisitions including Genzyme Genetics and Westcliff, increases in labor, and the continued shift in test mix to genomic and esoteric testing. As a percentage of net sales, cost of sales increased to 58.5% in 2011 from 57.5% in 2010. The increase in cost of sales as a percentage of net sales is primarily due to lower margins on recently acquired operations that have not been fully integrated into the Company's operating cost structure as of March 31, 2011.

Selling, General and Administrative Expenses

	Quarter ended March 31,		% Change
	2011	2010	
Selling, general and administrative expenses	\$ 282.8	\$ 246.0	15.0%
SG&A as a % of sales	20.7%	20.6%	

Selling, general and administrative ("SG&A") expenses as a percentage of net sales increased to 20.7% in the first quarter of 2011 compared to 20.6% in 2010. The increase in SG&A as a percentage of net sales is primarily due to expenses from recently acquired operations that have not been fully integrated into the Company's operating cost structure as of March 31, 2011. As an offset to the increase in SG&A as a percentage of net sales, bad debt expense decreased to 4.7% of net sales in 2011 as compared with 5.1% in 2010 primarily due to improved collection trends resulting from process improvement programs within the Company's billing department and field operations.

Amortization of Intangibles and Other Assets

	Quarter ended March 31,		% Change
	2011	2010	
Amortization of intangibles and other assets	\$ 21.9	\$ 17.4	25.9%

The increase in amortization of intangibles and other assets primarily reflects certain acquisitions closed during 2011 and 2010.

Restructuring and Other Special Charges

	Quarter ended March 31,		% Change
	2011	2010	
Restructuring and other special charges	\$ 27.9	\$ 9.3	N/A

During the first quarter of 2011, the Company recorded net restructuring charges of \$13.1. Of this amount, \$4.0 related to severance and other personnel costs, and \$9.8 related to facility-related costs associated with the integration of Genzyme Genetics. These charges were offset by a restructuring credit of \$0.7 resulting from the reversal of unused severance and facility closure liabilities. These restructuring initiatives are expected to provide annualized cost savings of approximately \$13.3. In addition, the Company recorded a special charge of \$14.8 related to a write-off of an investment made in a prior year.

During the first quarter of 2010, the Company recorded net restructuring charges of \$3.1 related to severance payments and the closing of redundant and underutilized facilities. Of this amount, \$3.9 related to severance and other employee costs for employees primarily in the affected facilities, and \$0.6 related to contractual obligations associated with leased facilities and other facility related costs. The Company also reduced its prior facility related restructuring accruals by \$1.4 as a result of incurring less cost than planned on those restructuring initiatives primarily due to favorable settlements on lease buyouts. In addition, the Company recorded a special charge of \$6.2 related to the write-off of development costs incurred on systems abandoned during the quarter.

Interest Expense

	Quarter ended March 31,		% Change
	2011	2010	
Interest expense	\$ 24.0	\$ 14.6	64.4%

The increase in interest expense was primarily due to interest incurred during 2011 in connection with proceeds from the senior notes offering of \$925.0 in November 2010. Other interest related costs decreased due to lower average borrowings outstanding in the first quarter of 2011 as compared with the 2010 period primarily due to principal payments on the Term Loan Facility.

Equity Method Income

	Quarter ended March 31,		% Change
	2011	2010	
Equity method income	\$ 1.5	\$ 3.8	(60.5)%

Equity method income represents the Company's ownership share in joint venture partnerships along with stock investments in other companies in the clinical diagnostic industry. The decrease in income in the first quarter of 2011 as compared with the 2010 period is primarily due to the Company's share of losses in the Cincinnati, Ohio joint venture and the Canada, China and Western Europe equity method investment.

Income Tax Expense

	Quarter ended March 31,		% Change
	2011	2010	
Income tax expense	\$ 83.1	\$ 86.9	(4.4)%
Income tax expense as a % of income before tax	38.9%	39.0%	

The effective tax rate for 2011 is comparable with 2010.

LIQUIDITY AND CAPITAL RESOURCES (dollars and shares in millions)

The Company's operations provided \$215.3 and \$232.0 of cash, net of \$0.0 and \$14.5 in transition payments to UnitedHealthcare, for the three months ended March 31, 2011 and 2010, respectively. The decrease in cash flows in the first quarter of 2011 is primarily due to the Company experiencing delays in billing for services rendered by Genzyme Genetics as a result of the normal post-acquisition enrollment process for government payers and the contract assignment process for managed care payers. Cash collections, receivable agings and DSO in the first quarter of 2011 were negatively impacted by these delays. The Company expects the delays to be resolved in due course and the related billings and collections to be brought up-to-date during the second quarter of 2011.

Capital expenditures were \$29.4 and \$24.5 for the three months ended March 31, 2011 and 2010, respectively. The Company expects capital expenditures of approximately \$140.0 to \$150.0 in 2011. The Company will continue to make important investments in its business, including information technology. Such expenditures are expected to be funded by cash flow from operations, as well as borrowings under the Company's revolving credit facilities as needed.

The interest rate swap agreement to hedge variable interest rate risk on the Company's variable interest rate term loan expired on March 31, 2011. On a quarterly basis under the swap, the Company paid a fixed rate of interest (2.92%) and received a variable rate of interest based on the three-month LIBOR rate on an amortizing notional amount of indebtedness equivalent to the term loan balance outstanding. The swap was designated as a cash flow hedge. Accordingly, the Company recognized the fair value of the swap in the condensed consolidated balance sheets and any changes in the fair value were recorded as adjustments to accumulated other comprehensive income (loss), net of tax. The fair value of the interest rate swap agreement was the estimated amount that the Company would have paid or received to terminate the swap agreement at the reporting date. The fair value of the swap was a liability of \$2.4 at December 31, 2010 and was included in other liabilities in the respective condensed consolidated balance sheet.

On October 28, 2010, in conjunction with the acquisition of Genzyme Genetics, the Company entered into a \$925.0 Bridge Term Loan Credit Agreement, among the Company, the lenders named therein and Citibank, N.A., as administrative agent (the "Bridge Facility"). The Company replaced and terminated the Bridge Facility in November 2010 by making an offering in the debt capital markets. On November 19, 2010, the Company sold \$925.0 in debt securities, consisting of \$325.0 aggregate principal amount of 3.125% Senior Notes due May 15, 2016 and \$600.0 aggregate principal amount of 4.625% Senior Notes due November 15, 2020. Beginning on May 15, 2011, interest on the Senior Notes due 2016 and 2020 is payable semi-annually on May 15 and November 15. On December 1, 2010, the acquisition of Genzyme Genetics was funded by the proceeds from the issuance of these Notes (\$915.4) and with cash on hand.

At March 31, 2011, the Company provided letters of credit aggregating approximately \$37.3, primarily in connection with certain insurance programs. Letters of credit provided by the Company are secured by the Company's senior credit facilities and are renewed annually, around mid-year.

As of December 31, 2010, the Company had outstanding authorization from the Board of Directors to purchase approximately \$234.3 of Company common stock. On February 10, 2011, the Company announced the Board of Directors authorized the purchase of \$500.0 of additional shares of the Company's common stock. During the three months ended March 31, 2011, the Company purchased approximately 2.9 shares of its common stock at a total cost of approximately \$265.3. As of March 31, 2011, the Company had outstanding authorization from the Board of Directors to purchase approximately \$469.0 of Company common stock.

The Company had a \$68.7 and \$65.8 reserve for unrecognized income tax benefits, including interest and penalties, at March 31, 2011 and December 31, 2010, respectively. Substantially all of these tax reserves are classified in other long-term liabilities in the Company's Condensed Consolidated Balance Sheets at March 31, 2011 and December 31, 2010, respectively.

The Term Loan Facility and Revolving Facility contain certain debt covenants which require that the Company maintain a leverage ratio of no more than 2.5 to 1.0 and an interest coverage ratio of at least 5.0 to 1.0. Both ratios are calculated in relation to EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization). The credit agreement allows payment of dividends provided that the Company is not in default (as defined in the agreement) and its leverage ratio is less than 2.0 to 1.0. The Company was in compliance with all covenants as of March 31, 2011. As of March 31, 2011, the leverage and interest coverage ratios were 1.8 to 1.0 and 15.9 to 1.0, respectively. Based on current and projected levels of operations, coupled with availability under its senior credit facilities, the Company believes it has sufficient liquidity to meet both its anticipated short-term and long-term cash needs; however, the Company continually reassesses its liquidity position in light of market conditions and other relevant factors.

Zero-coupon Subordinated Notes

On March 14, 2011, the Company announced that for the period of March 12, 2011 to September 11, 2011, the zero-coupon subordinated notes will accrue contingent cash interest at a rate of no less than 0.125% of the average market price of a zero-coupon subordinated note for the five trading days ended March 9, 2011, in addition to the continued accrual of the original issue discount.

On April 4, 2011, the Company announced that its zero-coupon subordinated notes may be converted into cash and common stock at the conversion rate of 13.4108 per \$1,000 principal amount at maturity of the notes, subject to the terms of the zero-coupon subordinated notes and the Indenture, dated as of October 24, 2006 between the Company and The Bank of New York Mellon, as trustee and conversion agent. In order to exercise the option to convert all or a portion of the zero-coupon subordinated notes, holders are required to validly surrender their zero-coupon subordinated notes at any time during the calendar quarter beginning April 1, 2011, through the close of business on the last business day of the calendar quarter, which is 5:00 p.m., New York City time, on Thursday, June 30, 2011.

In April 2011, the Company settled notices to convert approximately \$42.0 aggregate principal amount at maturity of the notes into cash and common stock with a total conversion value of approximately \$53.8. The final put date for the zero-coupon subordinated notes is September 11, 2011, and the Company could receive additional notices of conversion prior to that date. If such notices are received, the Company plans to settle the cash portion of the conversion obligation with cash on hand and/or borrowings under the revolving credit facility.

Noncontrolling Interest Puts

Effective January 1, 2008 the Company acquired additional partnership units in its Ontario, Canada (“Ontario”) joint venture, bringing the Company’s percentage interest owned to 85.6%. Concurrent with this acquisition, the terms of the joint venture’s partnership agreement were amended. The amended joint venture’s partnership agreement enabled the holders of the noncontrolling interest to put the remaining partnership units to the Company in defined future periods, at an initial amount equal to the consideration paid by the Company in 2008, and subject to adjustment based on market value formulas contained in the agreement.

In December 2009, the Company received notification from the holders of the noncontrolling interest in the Ontario joint venture that they intended to put their remaining partnership units to the Company in accordance with the terms of the joint venture’s partnership agreement. These units were acquired on February 8, 2010 for \$137.5. On February 17, 2010, the Company completed a transaction to sell the units acquired from the previous noncontrolling interest holder to a new Canadian partner for the same price. As a result of this transaction, the Company recorded a component of noncontrolling interest in other liabilities and a component in mezzanine equity. Upon the completion of these two transactions, the Company’s financial ownership percentage in the joint venture partnership remained unchanged at 85.6%. Concurrent with the sale to the new partner, the partnership agreement for the Ontario joint venture was amended and restated with substantially the same terms as the previous agreement. The combined contractual value of these puts, in excess of the current noncontrolling interest of \$27.6, totals \$145.9 at March 31, 2011. At March 31, 2011, \$152.3 has been classified as a current liability in the Company’s condensed consolidated balance sheet as the noncontrolling interest that acquired these units has the ability to put its units in the partnership to the Company on December 31, 2011.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

The Company addresses its exposure to market risks, principally the market risk associated with changes in interest rates, through a controlled program of risk management that includes, from time to time, the use of derivative financial instruments such as interest rate swap agreements. Although, as set forth below, the Company’s zero-coupon subordinated notes contain features that are considered to be embedded derivative instruments, the Company does not hold or issue derivative financial instruments for trading purposes. The Company does not believe that its exposure to market risk is material to the Company’s financial position or results of operations.

The Company’s zero-coupon subordinated notes contain the following two features that are considered to be embedded derivative instruments under authoritative guidance in connection with accounting for derivative instruments and hedging activities:

- 1) The Company will pay contingent cash interest on the zero-coupon subordinated notes after September 11, 2006, if the average market price of the notes equals 120% or more of the sum of the issue price, accrued original issue discount and contingent additional principal, if any, for a specified measurement period.
- 2) Holders may surrender zero-coupon subordinated notes for conversion during any period in which the rating assigned to the zero-coupon subordinated notes by Standard & Poor’s Ratings Services is BB- or lower.

The Company's Ontario, Canada consolidated joint venture operates in Canada and, accordingly, the earnings and cash flow generated from the Ontario operation are subject to foreign currency exchange risk.

The Alberta, Canada joint venture partnership operates in Canada and remits the Company's share of partnership income in Canadian dollars. Accordingly, the cash flow received from this affiliate is subject to foreign currency exchange risk.

ITEM 4. Controls and Procedures

As of the end of the period covered by the Form 10-Q, the Company carried out, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13-a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934). Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2011.

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 10 to the Company's Unaudited Condensed Consolidated Financial Statements for the three months ended March 31, 2011, which is incorporated by reference.

Item 1A Risk Factors

The following risk factor is added to those that appear in Part I-Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

The Company's growing international operations could subject it to additional expenses and risks that could adversely impact the business or results of operations.

The expansion of the Company's international operations could subject it to additional expenses that the Company may not fully anticipate. The Company operates in a heavily regulated industry, and these expenses could include those related to enhanced time and resources necessary to comply with foreign laws and regulations that differ from those in the United States. International operations also expose the Company to additional risks, including:

- failure to comply with foreign laws and regulations that differ from those under which the Company operates in the United States;
- restrictions on currency repatriation;
- greater difficulty in collecting accounts receivable and longer collection periods;
- difficulties and costs of staffing and managing foreign operations;
- adverse changes in tax policies and other laws;
- procedures and actions affecting approval, production, pricing, reimbursement and marketing of products and services;
- less protection for intellectual property rights in some countries;
- judicial systems that less strictly enforce contractual rights;
- export controls and trade regulations; and
- natural disasters, epidemics, political instability and acts of war or terrorism.

In some countries, the Company's success will depend in part on its ability to form relationships with local partners. The Company's inability to identify appropriate partners or reach mutually satisfactory arrangements could adversely affect the business and operations. International operations may result in increased expense and risk to the Company's business and could give rise to unanticipated liabilities or difficulties that could adversely affect its operations and financial results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds (Shares and dollars in millions, except per share data)

The following table sets forth information with respect to purchases of shares of the Company's common stock made during the three months ended March 31, 2011, by or on behalf of the Company:

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Repurchased Under the Program
January 1 – January 31	2.6	\$ 90.49	2.6	\$ --
February 1 – February 28	0.1	88.75	0.1	492.0
March 1 - March 31	0.2	89.47	0.2	469.0
	2.9	\$ 90.35	2.9	

At January 1, 2007, the Company had authorization to repurchase up to \$350.0 of shares of the Company's common stock (\$100.0 authorized on April 21, 2005 and \$250.0 authorized on October 20, 2006). On March 9, 2007, the Company announced the Board of Directors authorized the purchase of up to \$500.0 of additional shares of the Company's common stock. On November 2, 2007, the Company announced the Board of Directors authorized the purchase of up to \$500.0 of additional shares of the Company's common stock. On August 10, 2009, the Company announced the Board of Directors authorized the purchase of up to \$250.0 of additional shares of the Company's common stock. On February 11, 2010, the Company announced the Board of Directors authorized the purchase of up to \$250.0 of additional shares of the Company's common stock. On August 9, 2010, the Company announced the Board of Directors authorized the purchase of up to \$250.0 of additional shares of the Company's common stock. On February 10, 2011, the Company announced the Board of Directors authorized the purchase of up to \$500.0 of additional shares of the Company's common stock. As of March 31, 2011, the Company had outstanding authorization from the Board of Directors to purchase approximately up to \$469.0 of Company common stock. The repurchase authorization has no expiration date.

Item 6.	Exhibits
(a)	Exhibits
10.25*	\$1 Billion Credit Agreement dated as of October 26, 2007, among the Company, the lenders named therein and Credit Suisse, as Administrative Agent, and Credit Suisse Securities (USA) LLC, as Bookrunner and Lead Arranger
12.1*	Ratio of earnings to fixed charges
31.1*	Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)
31.2*	Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)
32*	Written Statement of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* filed herewith

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.

LABORATORY CORPORATION OF AMERICA HOLDINGS

Registrant

By: /s/ DAVID P. KING
David P. King
Chairman of the Board, President
and Chief Executive Officer

By: /s/ WILLIAM B. HAYES
William B. Hayes
Executive Vice President,
Chief Financial Officer and Treasurer

May 2, 2011

\$1,000,000,000

CREDIT AGREEMENT

dated as of October 26, 2007,

among

LABORATORY CORPORATION OF AMERICA HOLDINGS,

THE LENDERS NAMED HEREIN

and

CREDIT SUISSE,

as Administrative Agent

CREDIT SUISSE SECURITIES (USA) LLC,
as Bookrunner and
Lead Arranger

[CS&M Ref No. 5865-603]

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Exhibit D-2 Form of Notice of Competitive Bid Request
Exhibit D-3 Form of Competitive Bid
Exhibit D-4 Form of Competitive Bid Accept/Reject Letter
Exhibit E-1 Form of Opinion of Chief Legal Officer of the Borrower
Exhibit E-2 Form of Opinion of Hogan & Hartson L.L.P.

CREDIT AGREEMENT dated as of October 26, 2007, among LABORATORY CORPORATION OF AMERICA HOLDINGS, a Delaware corporation (the “Borrower”), the Lenders (as defined in Article I), and CREDIT SUISSE, as administrative agent (in such capacity, the “Administrative Agent”) for the Lenders.

The Borrower has requested the Lenders to extend credit in the form of (a) Term Loans (such term and each other capitalized term used but not defined herein having the meaning given it in Article I) on the Closing Date, in an aggregate principal amount not to exceed \$500,000,000, and (b) Revolving Loans at any time and from time to time prior to the Maturity Date, in an aggregate principal amount at any time outstanding not in excess of the Total Revolving Credit Commitment. The Borrower has also requested the Lenders to provide a procedure pursuant to which the Borrower may invite the Lenders to bid on an uncommitted basis on short-term borrowings by the Borrower. The Borrower has requested the Issuing Bank to issue Letters of Credit, in an aggregate face amount at any time outstanding not in excess of the L/C Commitment, to support payment obligations incurred in the ordinary course of business by the Borrower and its Subsidiaries. The proceeds of the Loans are to be used solely for general corporate purposes of the Borrower and its Subsidiaries, including (a) working capital, (b) capital expenditures, (c) the funding of share repurchases and other Restricted Payments permitted hereunder, (d) acquisitions and other investments and (e) the repayment of all amounts outstanding or due under the Existing Credit Agreement.

The Lenders are willing to extend such credit to the Borrower and the Issuing Bank is willing to issue Letters of Credit for the account of the Borrower, in each case on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. *Defined Terms.* As used in this Agreement, the following terms shall have the meanings specified below:

“*ABR*”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“*Acquisition*” shall mean the acquisition by the Borrower or any wholly owned Subsidiary of the Borrower of all or substantially all of the assets of a person or line of business of such person, or all or substantially all of the Equity Interests of a person, in each case where the aggregate consideration (in whatever form) payable by the Borrower or any Subsidiary exceeds \$10,000,000.

“*Administrative Agent*” shall have the meaning assigned to such term in the preamble to this Agreement.

“Administrative Agent Fees” shall have the meaning assigned to such term in Section 2.06(b).

“Administrative Questionnaire” shall mean an Administrative Questionnaire in the form of Exhibit A, or such other form as may be supplied from time to time by the Administrative Agent.

“Affiliate” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

“Aggregate Revolving Credit Exposure” shall mean the aggregate amount of the Lenders’ Revolving Credit Exposures.

“Agreement” shall mean this Credit Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Alternate Base Rate” shall mean, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

“Applicable Percentage” shall mean, for any day, with respect to any Eurodollar Loan (other than any Eurodollar Competitive Loan) or with respect to the Facility Fees, as the case may be, the applicable percentage set forth below under the caption “Eurodollar Revolving Loan Spread”, “Facility Fee Percentage” or “Eurodollar Term Loan Spread”, as the case may be, based upon the rating by S&P applicable on such date to the Index Debt:

S&P Rating	Eurodollar Revolving Loan Spread	Facility Fee Percentage	Eurodollar Term Loan Spread
<u>Category 1</u> Equal to or greater than A-	0.250%	0.125%	0.500%
<u>Category 2</u> BBB+	0.350%	0.150%	0.625%
<u>Category 3</u> BBB	0.450%	0.175%	0.750%
<u>Category 4</u> BBB-	0.550%	0.200%	0.875%
<u>Category 5</u> Less than BBB-	0.725%	0.275%	1.125%

For purposes of the foregoing, (a) if S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then S&P shall be deemed to have established a rating in Category 5; and (b) if

the rating established or deemed to have been established by S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of S&P), such change shall be effective as of the date on which it is first announced by S&P. Each change in the Applicable Percentage shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of S&P shall change, or if S&P shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the non-availability of a rating from S&P and, pending the effectiveness of any such amendment, the Applicable Percentage shall be determined by reference to the rating most recently in effect prior to such change or cessation.

“*Assignment and Acceptance*” shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit B or such other form as shall be approved by the Administrative Agent.

“*Board*” shall mean the Board of Governors of the Federal Reserve System of the United States of America.

“*Borrower*” shall have the meaning assigned to such term in the preamble to this Agreement.

“*Borrowing*” shall mean (a) Loans of the same Class and Type made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect or (b) a Borrowing described in the definition of the term “*Competitive Borrowing*”.

“*Borrowing Request*” shall mean a request by the Borrower in accordance with the terms of Section 2.04.

“*Business Day*” shall mean any day other than a Saturday, Sunday or day on which banks in New York City are authorized or required by law to close; *provided, however*, that when used in connection with a Eurodollar Loan, the term “*Business Day*” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“*Capital Lease Obligations*” of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

A “*Change in Control*” shall be deemed to have occurred if (a) any person or group (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934 as in effect on the date hereof) shall own directly or indirectly, beneficially or of record, shares representing more than 40% of the aggregate ordinary voting power represented by the

issued and outstanding capital stock of the Borrower or (b) a majority of the seats (other than vacant seats) on the board of directors of the Borrower shall at any time be occupied by persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated.

“*Change in Law*” shall mean (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.13, by any lending office of such Lender or by such Lender’s or Issuing Bank’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

“*Class*”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans or Competitive Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Revolving Credit Commitment or Term Loan Commitment.

“*Closing Date*” shall mean October 26, 2007.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“*Commitment*” shall mean, with respect to any Lender, such Lender’s Revolving Credit Commitment or Term Loan Commitment.

“*Competitive Bid*” shall mean an offer by a Lender to make a Competitive Loan pursuant to Section 2.03(b) in the form of Exhibit D-3.

“*Competitive Bid Accept/Reject Letter*” shall mean a notification made by the Borrower pursuant to Section 2.03(d) in the form of Exhibit D-4.

“*Competitive Bid Rate*” shall mean, as to any Competitive Bid, (a) in the case of a Eurodollar Loan, the Margin, and (b) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

“*Competitive Bid Request*” shall mean a request made by the Borrower pursuant to Section 2.03(a).

“*Competitive Borrowing*” shall mean a Borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Lender or Lenders whose Competitive Bids for such Borrowing have been accepted by the Borrower under the bidding procedure described in Section 2.03.

“*Competitive Loan*” shall mean a Loan from a Lender to the Borrower pursuant to the bidding procedure described in Section 2.03. Each Competitive Loan shall be a Eurodollar Competitive Loan or a Fixed Rate Loan.

“Confidential Information Memorandum” shall mean the Confidential Information Memorandum of the Borrower dated October 2007.

“Consolidated EBITDA” shall mean, for any period, Consolidated Net Income for such period plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) consolidated interest expense net of interest income for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation and amortization for such period and (iv) any extraordinary charges and all non-cash write-offs and write-downs of amortizable and depreciable items for such period, and minus (b) without duplication, to the extent included in determining such Consolidated Net Income, any extraordinary gains and all non-cash items of income for such period, all determined on a consolidated basis in accordance with GAAP.

“Consolidated Interest Expense” shall mean, for any period, the interest expense (including (a) imputed interest expense in respect of Capital Lease Obligations and (b) the amortization of original issue discount in connection with the Subordinated Notes and other Indebtedness issued with original issue discount) of the Borrower and the Subsidiaries for such period, net of interest income, in each case determined on a consolidated basis in accordance with GAAP. For purposes of the foregoing, interest expense shall be determined after giving effect to any net payments made or received by the Borrower or any Subsidiary with respect to interest rate Hedging Agreements.

“Consolidated Net Income” shall mean, for any period, the net income or loss of the Borrower and the Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

“Consolidated Total Assets” shall mean, as of any date, the amount of total assets as shown on the consolidated balance sheet of the Borrower for the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 5.04(a) or (b), prepared in accordance with GAAP.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms “Controlling” and “Controlled” shall have meanings correlative thereto.

“Credit Event” shall have the meaning assigned to such term in Section 4.01.

“Default” shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

“dollars” or “\$” shall mean lawful money of the United States of America.

“Eligible Assignee” shall mean any commercial bank, insurance company, investment or mutual fund or other entity (but not any natural person) that is an “accredited investor” (as defined in Regulation D under the Securities Act of 1933 as amended) that extends credit or invests in bank loans as one of its businesses; provided that (a) neither the

Borrower nor any of its Affiliates shall be an Eligible Assignee and (b) unless an Event of Default has occurred and is continuing, any proposed assignee of Revolving Credit Commitments must have total assets in excess of \$500,000,000 to be considered an Eligible Assignee.

“*Environmental Laws*” shall mean all laws, rules, regulations, codes, ordinances, orders, decrees, judgments or injunctions issued, promulgated or entered into by any Governmental Authority, relating to the environment, the preservation or reclamation of natural resources, the management or release of Hazardous Materials or to the effect of the environment on human health and safety.

“*Environmental Liability*” shall mean liabilities, obligations, claims, actions, suits, judgments or orders under or relating to any Environmental Law for any damages, injunctive relief, losses, fines, penalties, fees, expenses (including fees and expenses of attorneys and consultants) or costs, whether contingent or otherwise, including those arising from or relating to (a) any action to address the on- or off-site presence, release of, or exposure to, Hazardous Materials, (b) permitting and licensing, governmental administrative oversight and financial assurance requirements, (c) any personal injury (including death), any property damage (real or personal) or natural resource damage and (d) the violation of any Environmental Law.

“*Equity Interests*” shall mean shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in any person, or any obligations convertible into or exchangeable for, or giving any person a right, option or warrant to acquire such equity interests or such convertible or exchangeable obligations; *provided* that the Subordinated Notes are deemed not to constitute Equity Interests of the Borrower.

“*ERISA*” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

“*ERISA Affiliate*” shall mean any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“*ERISA Event*” shall mean (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30-day notice period is waived), (b) prior to the effectiveness of the applicable provisions of the Pension Act, the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA) or, on and after the effectiveness of the applicable provisions of the Pension Act, any failure by any Plan to satisfy the minimum funding standard (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, in each case whether or not waived, (c) the filing pursuant to, prior to the effectiveness of the applicable provisions of the Pension Act, Section 412(d) of the Code or Section 303(d) of ERISA or, on and after the effectiveness of the applicable provisions of the Pension Act, Section 412(c) of the Code

or Section 302(c) of ERISA, of an application for a waiver of the minimum funding standard with respect to any Plan, (d) on and after the effectiveness of the applicable provisions of the Pension Act, a determination that any Plan is, or is expected to be, in “at-risk” status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code), (e) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan, (f) the receipt by the Borrower or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan, (g) prior to the effectiveness of the applicable provisions of the Pension Act, the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA, (h) the receipt by the Borrower or any of its ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from the Borrower or any of its ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA or, on and after the effectiveness of the applicable provisions of the Pension Act, in endangered or critical status, within the meaning of Section 305 of ERISA; or (i) the occurrence of a “prohibited transaction” with respect to which the Borrower or any of the Subsidiaries is a “disqualified person” (within the meaning of Section 4975 of the Code) or with respect to which the Borrower or any such Subsidiary could otherwise be liable.

“Eurodollar”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the LIBO Rate.

“Event of Default” shall have the meaning assigned to such term in Article VII.

“Excluded Taxes” shall mean, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income, franchise or similar taxes imposed on (or measured by) its net income by the United States of America, the jurisdiction under the laws of which such recipient is organized or in which its principal office is located (or, in the case of any Lender, in which its applicable lending office is located), or, in the case of a jurisdiction that imposes taxes on the basis of management or control or other concept or principle of residence, the jurisdiction in which such recipient is so resident, (b) Taxes imposed by reason of any present or former connection between such person and the jurisdiction imposing such Taxes, other than solely as a result of the execution and delivery of this Agreement, the making of any Loans hereunder or the performance of any action provided for hereunder, (c) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (d) in the case of a Foreign Lender (other than as an assignee pursuant to a request by the Borrower under Section 2.21(a)), any withholding tax that (i) is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new

lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.20(a) or (ii) is attributable to such Foreign Lender's failure to comply with Section 2.20(e).

"*Existing Credit Agreement*" shall mean the Credit Agreement dated as of January 13, 2005, as amended, among the Borrower, the lenders from time to time party thereto, and Credit Suisse (formerly known as Credit Suisse First Boston), as administrative agent.

"*Existing Letter of Credit*" shall mean each letter of credit previously issued for the account of the Borrower that (a) is outstanding on the Closing Date and (b) is listed on Schedule 1.01(a).

"*Facility Fee*" shall have the meaning assigned to such term in Section 2.06(a).

"*Federal Funds Effective Rate*" shall mean, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for the day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"*Fee Letter*" shall mean the Fee Letter dated September 26, 2007, between the Borrower and the Administrative Agent, as amended, supplemented or otherwise modified from time to time.

"*Fees*" shall mean the Facility Fees, the Administrative Agent Fees, the L/C Participation Fees and the Issuing Bank Fees.

"*Financial Officer*" of any person shall mean the chief financial officer, principal accounting officer, Treasurer or Controller of such person.

"*Fixed Rate Borrowing*" shall mean a Borrowing comprised of Fixed Rate Loans.

"*Fixed Rate Loan*" shall mean any Competitive Loan bearing interest at a fixed percentage rate per annum (expressed in the form of a decimal to no more than four decimal places) specified by the Lender making such Loan in its Competitive Bid.

"*Foreign Lender*" shall mean any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"*GAAP*" shall mean generally accepted accounting principles applied on a consistent basis.

“*Governmental Authority*” shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

“*Granting Lender*” shall have the meaning assigned to such term in Section 9.04(i).

“*Guarantee*” of or by any person (the “*guarantor*”) shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other person (the “*primary obligor*”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or other obligation, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness; *provided, however*, that the term “*Guarantee*” shall not include endorsements for collection or deposit in the ordinary course of business.

“*Hazardous Materials*” shall mean (a) petroleum products and byproducts, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, radon gas, chlorofluorocarbons and all other ozone-depleting substances and (b) any chemical, material, substance, waste, pollutant or contaminant that is prohibited, limited or regulated by or pursuant to any Environmental Law.

“*Hedging Agreement*” shall mean any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

“*Incremental Commitment*” shall mean the Revolving Credit Commitment of any Lender established pursuant to Section 2.23.

“*Incremental Commitment Assumption Agreement*” shall mean an Incremental Commitment Assumption Agreement in form and substance reasonably satisfactory to the Administrative Agent, among the Borrower, the Administrative Agent, and one or more Incremental Lenders and, if applicable, the Issuing Bank.

“*Incremental Commitment Amount*” shall mean, at any time, the excess, if any, of \$150,000,000 over the aggregate amount of all Incremental Commitments established prior to such time pursuant to Section 2.23.

“*Incremental Lender*” shall mean a Lender with an Incremental Commitment.

“*Indebtedness*” of any person shall mean, without duplication, (a) all obligations of such person for borrowed money, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such

person, (d) all obligations of such person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, (f) all Guarantees by such person of Indebtedness of others, (g) all Capital Lease Obligations of such person, (h) all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such person in respect of bankers' acceptances and (j) all obligations of such person to make contingent cash payments in respect of any acquisition, to the extent such obligations are or are required to be shown as liabilities on the balance sheet of such person in accordance with GAAP. The Indebtedness of any person shall include the Indebtedness of any other entity (including any partnership in which such person is a general partner) to the extent such person is liable therefor as a result of such person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such person is not liable therefor.

"Indemnified Taxes" shall mean Taxes other than Excluded Taxes.

"Index Debt" shall mean the senior, unsecured, non-credit enhanced, long-term indebtedness for borrowed money of the Borrower.

"Interest Coverage Ratio" shall mean, for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

"Interest Payment Date" shall mean (a) with respect to any ABR Loan, the last Business Day of each March, June, September and December and (b) with respect to any Eurodollar Loan or Fixed Rate Borrowing, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part or such Fixed Rate Borrowing, as the case may be, and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration or a Fixed Rate Borrowing with an Interest Period of more than 90 days' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' or 90 days' duration, respectively, been applicable to such Borrowing.

"Interest Period" shall mean, (a) with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower may elect, and (b) with respect to any Fixed Rate Borrowing, the period commencing on the date of such Borrowing and ending on the date specified in the Competitive Bids in which the offers to make the Fixed Rate Loans comprising such Borrowing were extended, which shall not be earlier than 30 days after the date of such Borrowing or later than 360 days after the date of such Borrowing; *provided, however*, that if any 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, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the

next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“*Issuing Bank*” shall mean, as the context may require, (a) Credit Suisse, in its capacity as the issuer of Letters of Credit hereunder, (b) with respect to each Existing Letter of Credit, the Lender that issued such Existing Letter of Credit, and (c) any other Lender that may become an Issuing Bank pursuant to Section 2.22(i) or 2.22(k), with respect to Letters of Credit issued by such Lender. The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term “*Issuing Bank*” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“*Issuing Bank Fees*” shall have the meaning assigned to such term in Section 2.06(c).

“*L/C Commitment*” shall mean the commitment of the Issuing Bank to issue Letters of Credit pursuant to Section 2.22. The aggregate amount of the L/C Commitment on the Closing Date is \$125,000,000. The L/C Commitment may be increased from time to time pursuant to Section 2.23(a).

“*L/C Disbursement*” shall mean a payment or disbursement made by the Issuing Bank pursuant to a Letter of Credit.

“*L/C Exposure*” shall mean at any time the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time and (b) the aggregate principal amount of all L/C Disbursements that have not yet been reimbursed at such time. The L/C Exposure of any Lender at any time shall equal its Pro Rata Percentage of the aggregate L/C Exposure at such time.

“*L/C Participation Fee*” shall have the meaning assigned to such term in Section 2.06(c).

“*Lenders*” shall mean (a) the persons listed on Schedule 2.01 and (b) any person that has become a party hereto pursuant to an Assignment and Acceptance or an Incremental Commitment Assumption Agreement (in each case, other than any such person that has ceased to be a party hereto pursuant to an Assignment and Acceptance).

“*Letter of Credit*” shall mean any letter of credit issued pursuant to Section 2.22 and any Existing Letter of Credit.

“*Leverage Ratio*” shall mean, on any date, the ratio of Total Debt on such date to Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such date. Solely for purposes of this definition, if at the time of any determination of the Leverage Ratio an Acquisition shall have been completed during the relevant period, the Consolidated EBITDA for such period shall be reformulated on a pro

forma basis to give effect to such Acquisition as if it had occurred on the first day of such period. For purposes of the foregoing, all pro forma adjustments shall be (a) only those required or permitted by Regulation S-X of the Securities Act of 1933 or otherwise based on reasonably detailed written assumptions reasonably acceptable to the Administrative Agent and (b) certified by a Financial Officer of the Borrower as having been prepared in good faith based upon reasonable assumptions.

“*LIBO Rate*” shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m., London time, on the date that is two Business Days prior to the commencement of such Interest Period by reference to the British Bankers’ Association Interest Settlement Rates for deposits in dollars (as set forth by the Bloomberg Information Service or any successor thereto or any other service selected by the Administrative Agent which has been nominated by the British Bankers’ Association as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period; *provided that*, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the “*LIBO Rate*” shall be the interest rate per annum determined by the Administrative Agent to be the average of the rates per annum at which dollar deposits of \$10,000,000 are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the beginning of such Interest Period.

“*Lien*” shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset or (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

“*Loans*” shall mean the Revolving Loans, the Term Loans and the Competitive Loans.

“*Margin*” shall mean, as to any Eurodollar Competitive Loan, the margin (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) to be added to or subtracted from the LIBO Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

“*Margin Stock*” shall have the meaning assigned to such term in Regulation U.

“*Material Adverse Effect*” shall mean a materially adverse effect on the financial condition, results of operations or business of the Borrower and the Subsidiaries, taken as a whole.

“*Material Indebtedness*” shall mean Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower and the Subsidiaries in an aggregate principal amount exceeding \$50,000,000. For purposes of determining Material Indebtedness, the “principal amount” of

the obligations of the Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

“*Material Subsidiary*” shall mean at any time any Subsidiary, except Subsidiaries which, if aggregated and considered as a single Subsidiary, would not meet the definition of a “significant subsidiary” contained as of the date hereof in Regulation S-X of the Securities and Exchange Commission.

“*Maturity Date*” shall mean October 26, 2012

“*Moody’s*” shall mean Moody’s Investors Service, Inc.

“*Multiemployer Plan*” shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“*Other Taxes*” shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under this Agreement or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“*PBGC*” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“*Pension Act*” shall mean the Pension Protection Act of 2006, as amended from time to time.

“*Permitted Investments*” shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in foreign and domestic commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody’s;

(c) investments in certificates of deposit, banker’s acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, the Administrative Agent or any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than \$500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria of clause (c) above;

(e) investments in “money market funds” within the meaning of Rule 2a-7 of the Investment Company Act of 1940, as amended, substantially all of whose assets are invested in investments of the type described in clauses (a) through (d) above;

(f) investments in so-called market auction securities rated Aa2 or higher by Moody’s or AA or higher by S&P and which have a reset date not more than 365 days from the date of acquisition thereof; and

(g) investments in readily-marketable obligations of Indebtedness of any State of the United States or any municipality organized under the laws of any State of the United States or any political subdivision thereof which, at the time of acquisition, are accorded either of the two highest ratings by S&P, Moody’s or another nationally recognized credit rating agency of similar standard, in any such case maturing no later than one year after the date of acquisition thereof.

“*person*” shall mean any natural person, corporation, business trust, joint venture, association, company, limited liability company, partnership, Governmental Authority or other entity.

“*Plan*” shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“*Prime Rate*” shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective.

“*Pro Rata Percentage*” of any Revolving Credit Lender at any time shall mean the percentage of the Total Revolving Credit Commitment represented by such Lender’s Revolving Credit Commitment. In the event the Revolving Credit Commitments shall have expired or been terminated, the Pro Rata Percentages shall be determined on the basis of the Revolving Credit Commitments most recently in effect, giving effect to any subsequent assignments.

“*Register*” shall have the meaning assigned to such term in Section 9.04(d).

“*Regulation T*” shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“*Regulation U*” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“*Regulation X*” shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“*Related Parties*” shall mean, with respect to any specified person, such person’s Affiliates and the respective directors, trustees, officers, employees, agents and advisors of such person and such person’s Affiliates.

“*Repayment Date*” shall have the meaning assigned to such term in Section 2.12.

“*Required Lenders*” shall mean, at any time, Lenders having Revolving Credit Commitments (or, if the Revolving Credit Commitments have terminated, Revolving Credit Exposure and Competitive Loans) and Term Loans representing at least a majority of the sum of the Total Revolving Credit Commitment (or if the Revolving Credit Commitments have terminated, the aggregate amount of Revolving Credit Exposure and Competitive Loans outstanding) and the aggregate amount of the Term Loans outstanding at such time or, for purposes of acceleration pursuant to clause (ii) of the last paragraph of Article VII, Lenders having Loans, L/C Exposures and unused Revolving Credit Commitments representing at least a majority of the sum of all Loans outstanding, L/C Exposure and unused Revolving Credit Commitments.

“*Restricted Payment*” shall mean (a) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Subsidiary, or (b) any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, other than a payment to the extent consisting of Equity Interests of equal or junior ranking, on account of the purchase, redemption, retirement, acquisition, cancelation or termination of any Equity Interests in the Borrower or any Subsidiary. It is understood that the withholding of shares, and the payment of cash to the Internal Revenue Service in an amount not to exceed the value of the withheld shares, by the Borrower in connection with any of its stock incentive plans shall not constitute Restricted Payments.

“*Revolving Credit Borrowing*” shall mean a Borrowing comprised of Revolving Loans.

“*Revolving Credit Commitment*” shall mean, with respect to each Lender, the commitment of such Lender to make Revolving Loans hereunder (and to acquire participations in Letters of Credit as provided for herein) as set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender assumed its Revolving Credit Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.10, (b) increased from time to time pursuant to Section 2.23 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04.

“*Revolving Credit Exposure*” shall mean, with respect to any Lender at any time, the aggregate principal amount at such time of all outstanding Revolving Loans of such Lender, plus the aggregate amount at such time of such Lender’s L/C Exposure.

“*Revolving Credit Lender*” shall mean a Lender with a Revolving Credit Commitment or outstanding Revolving Credit Exposure.

“*Revolving Loans*” shall mean the revolving loans made by the Lenders to the Borrower pursuant to clause (b) of Section 2.01. Each Revolving Loan shall be a Eurodollar Revolving Loan or an ABR Revolving Loan.

“*S&P*” shall mean Standard & Poor’s Ratings Service.

“*SPC*” shall have the meaning assigned to such term in Section 9.04(i).

“*Subordinated Notes*” shall mean the Borrower’s zero coupon subordinated Liquid Yield Option Notes due 2021 (LYONS) and Zero Coupon Convertible Subordinated Notes due 2021, in an aggregate principal amount at maturity of \$741,348,000, and any other Indebtedness subordinated to the Loans that refinances all or any portion of such notes or for which all or any portion of such notes are exchanged.

“*Subordinated Note Documents*” shall mean the indenture under which the Subordinated Notes were issued and all other instruments, agreements and other documents evidencing or governing the Subordinated Notes or providing for any Guarantee or other right in respect thereof.

“*subsidiary*” shall mean, with respect to any person (herein referred to as the “*parent*”), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“*Subsidiary*” shall mean any subsidiary of the Borrower.

“*Synthetic Purchase Agreement*” shall mean any swap, derivative or other agreement or combination of agreements pursuant to which the Borrower or any Subsidiary is or may become obligated to make (a) any payment in connection with a purchase by any third party from a person other than the Borrower or any Subsidiary of any Equity Interest or (b) any payment (other than on account of a permitted purchase by it of any Equity Interest) the amount of which is determined by reference to the price or value at any time of any Equity Interest; *provided* that no phantom stock or similar plan providing for payments only to current or former directors, officers or employees of the Borrower or the Subsidiaries (or to their heirs or estates) shall be deemed to be a Synthetic Purchase Agreement.

“*Taxes*” shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges, liabilities or withholdings imposed by any Governmental Authority.

“*Term Borrowing*” shall mean a Borrowing comprised of Term Loans.

“*Term Lender*” shall mean a Lender with a Term Loan Commitment or an outstanding Term Loan.

“*Term Loan Commitment*” shall mean, with respect to each Lender, the commitment of such Lender to make Term Loans hereunder as set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender assumed its Term Loan Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.10 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04.

“*Term Loans*” shall mean the term loans made by the Lenders to the Borrower pursuant to clause (a) of Section 2.01.

“*Total Debt*” shall mean, at any time, the total Indebtedness of the Borrower and the Subsidiaries at such time (excluding Indebtedness of the type described in clause (h) of the definition of such term, except to the extent of any unreimbursed drawings thereunder).

“*Total Revolving Credit Commitment*” shall mean, at any time, the aggregate amount of the Revolving Credit Commitments, as in effect at such time. The Total Revolving Credit Commitment on the Closing Date is \$500,000,000.

“*Transactions*” shall have the meaning assigned to such term in Section 3.02.

“*Type*”, when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term “*Rate*” shall include the LIBO Rate and the Alternate Base Rate.

“*USA PATRIOT Act*” shall mean The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)).

“*wholly owned Subsidiary*” of any person shall mean a subsidiary of such person of which securities (except for directors’ qualifying shares) or other ownership interests representing 100% of the Equity Interests are, at the time any determination is being made, owned, Controlled or held by such person or one or more wholly owned Subsidiaries of such person or by such person and one or more wholly owned Subsidiaries of such person.

“*Withdrawal Liability*” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. *Terms Generally.* The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”; and the words “asset” and “property” shall be

construed as having the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided, however*, that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Article VI or any related definition to eliminate the effect of any change in GAAP occurring after the date of this Agreement on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article VI or any related definition for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

SECTION 1.03. *Classification of Loans and Borrowings.* For purposes of this Agreement, Loans may be classified and referred to by Class (*e.g.*, a "Revolving Loan") or by Type (*e.g.*, a "Eurodollar Loan") or by Class and Type (*e.g.*, a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (*e.g.*, a "Revolving Credit Borrowing") or by Type (*e.g.*, a "Eurodollar Borrowing") or by Class and Type (*e.g.*, a "Eurodollar Revolving Credit Borrowing").

ARTICLE II

The Credits

SECTION 2.01. *Commitments.* Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, (a) to make a Term Loan to the Borrower on the Closing Date in a principal amount not to exceed its Term Loan Commitment, and (b) to make Revolving Loans to the Borrower, at any time and from time to time on or after the date hereof, and until the earlier of the Maturity Date and the termination of the Revolving Credit Commitment of such Lender in accordance with the terms hereof, in an aggregate principal amount at any time outstanding that will not result in such Lender's Revolving Credit Exposure exceeding such Lender's Revolving Credit Commitment minus the amount by which the outstanding Competitive Borrowings shall be deemed to have utilized such Revolving Credit Commitment in accordance with Section 2.17. Within the limits set forth in clause (b) of the preceding sentence and subject to the terms, conditions and limitations set forth herein, the Borrower may borrow, pay or prepay and reborrow Revolving Loans. Amounts paid or prepaid in respect of Term Loans may not be reborrowed.

SECTION 2.02. *Loans.* (a) Each Loan (other than Competitive Loans) shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective applicable Commitments; *provided, however*, that the failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure

of any other Lender to make any Loan required to be made by such other Lender). Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.03. Except for Loans deemed made pursuant to Section 2.02(f), the Loans comprising any Borrowing shall be in an aggregate principal amount that is (i) an integral multiple of \$1,000,000 and not less than \$10,000,000 or (ii) equal to the remaining available balance of the applicable Commitments.

(b) Subject to Sections 2.09 and 2.15, each Competitive Borrowing shall be comprised entirely of Eurodollar Competitive Loans or Fixed Rate Loans, and each other Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request pursuant to Section 2.03 or 2.04, as applicable. Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; *provided* that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; *provided, however*, that the Borrower shall not be entitled to request any Borrowing that, if made, would result in more than 15 Eurodollar Borrowings outstanding hereunder at any time. For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Except with respect to Loans made pursuant to Section 2.02(f), each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to such account in New York City as the Administrative Agent may designate not later than 1:00 p.m., New York City time, and the Administrative Agent shall promptly credit the amounts so received to an account in the name of the Borrower and designated by the Borrower in the applicable Borrowing Request or Competitive Bid Request or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with paragraph (c) above and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds (which determination shall be conclusive absent manifest error). If such Lender shall repay to the Administrative Agent such

corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(e) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

(f) If the Issuing Bank shall not have received from the Borrower the payment required to be made by Section 2.22(e) within the time specified in such Section, the Issuing Bank will promptly notify the Administrative Agent of the L/C Disbursement and the Administrative Agent will promptly notify each Revolving Credit Lender of such L/C Disbursement and its Pro Rata Percentage thereof. Each Revolving Credit Lender shall pay by wire transfer of immediately available funds to the Administrative Agent not later than 2:00 p.m., New York City time, on such date (or, if such Revolving Credit Lender shall have received such notice later than 12:00 (noon), New York City time, on any day, not later than 10:00 a.m., New York City time, on the immediately following Business Day), an amount equal to such Lender's Pro Rata Percentage of such L/C Disbursement (it being understood that such amount shall be deemed to constitute an ABR Revolving Loan of such Lender and such payment shall be deemed to have reduced the L/C Exposure), and the Administrative Agent will promptly pay to the Issuing Bank amounts so received by it from the Revolving Credit Lenders. The Administrative Agent will promptly pay to the Issuing Bank any amounts received by it from the Borrower pursuant to Section 2.22(e) prior to the time that any Revolving Credit Lender makes any payment pursuant to this paragraph (f); any such amounts received by the Administrative Agent thereafter will be promptly remitted by the Administrative Agent to the Revolving Credit Lenders that shall have made such payments and to the Issuing Bank, as their interests may appear. If any Revolving Credit Lender shall not have made its Pro Rata Percentage of such L/C Disbursement available to the Administrative Agent as provided above, such Lender and the Borrower severally agree to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with this paragraph to but excluding the date such amount is paid, to the Administrative Agent for the account of the Issuing Bank at (i) in the case of the Borrower, a rate per annum equal to the interest rate applicable to Revolving Loans pursuant to Section 2.07(a), and (ii) in the case of such Lender, for the first such day, the Federal Funds Effective Rate, and for each day thereafter, the Alternate Base Rate.

SECTION 2.03. *Competitive Bid Procedure.* (a) In order to request Competitive Bids, the Borrower shall notify the Administrative Agent of such request by telephone (i) in the case of a Eurodollar Competitive Borrowing, not later than 11:00 a.m., New York City time, four Business Days before the proposed date of such Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the proposed date of such Borrowing. Provided that no two Competitive Bid Requests submitted on the same day shall be identical, the Borrower may submit up to (but not more than) three Competitive Bid Requests on the same day, but a Competitive Bid Request shall not be made within five Business Days after the date of any previous Competitive Bid Request unless such previous Competitive Bid Request shall have been rejected by the Administrative Agent, as provided below. No ABR Loan shall be requested

in, or made pursuant to, a Competitive Bid Request. No Term Loans shall be requested in, or made pursuant to, a Competitive Bid Request. Each such telephonic Competitive Bid Request shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Competitive Bid Request substantially in the form of Exhibit D-1. A Competitive Bid Request that does not conform substantially to the format of Exhibit D-1 may be rejected by the Administrative Agent and the Administrative Agent shall notify the Borrower of such rejection as promptly as practicable. Each Competitive Bid Request shall refer to this Agreement and specify (i) whether the Borrowing being requested is to be a Eurodollar Borrowing or a Fixed Rate Borrowing; (ii) the date of such Borrowing (which shall be a Business Day); (iii) the number and the location of the account to which funds are to be disbursed (which shall be an account that complies with the requirements of Section 2.02(c)); (iv) the aggregate principal amount of such Borrowing, which shall be a minimum of \$10,000,000 and an integral multiple of \$1,000,000, and in any event shall not result in the sum of the Aggregate Revolving Credit Exposure and the aggregate outstanding principal amount of Competitive Loans, after giving effect to such Borrowing, exceeding the Total Revolving Credit Commitment; and (v) the Interest Period with respect thereto (which may not end after the Maturity Date). Promptly after its receipt of a Competitive Bid Request that is not rejected, the Administrative Agent shall invite the Revolving Credit Lenders in the form set forth as Exhibit D-2 to bid to make Competitive Loans pursuant to the Competitive Bid Request.

(b) Each Revolving Credit Lender may make one or more Competitive Bids to the Borrower responsive to a Competitive Bid Request. Each Competitive Bid by a Revolving Credit Lender must be received by the Administrative Agent by telecopy, (i) in the case of a Eurodollar Competitive Borrowing, not later than 9:30 a.m., New York City time, three Business Days before the proposed date of such Competitive Borrowing, and (ii) in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the proposed date of such Competitive Borrowing. Competitive Bids that do not conform substantially to the format of Exhibit D-3 may be rejected by the Administrative Agent, and the Administrative Agent shall notify the applicable Revolving Credit Lender as promptly as practicable. Each Competitive Bid shall refer to this Agreement and specify (x) the principal amount (which shall be a minimum of \$5,000,000 and an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested by the Borrower) of the Competitive Loan or Loans that the Revolving Credit Lender is willing to make, (y) the Competitive Bid Rate or Rates at which the Revolving Credit Lender is prepared to make such Loan or Loans and (z) the Interest Period applicable to such Loan or Loans and the last day thereof.

(c) The Administrative Agent shall promptly notify the Borrower by telecopy of the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid shall have been made and the identity of the Revolving Credit Lender that shall have made each bid.

(d) The Borrower may, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid. The Borrower shall notify the Administrative Agent by telephone, confirmed by telecopy in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it has decided to accept or reject each Competitive Bid, (x) in

the case of a Eurodollar Competitive Borrowing, not later than 10:30 a.m., New York City time, three Business Days before the date of the proposed Competitive Borrowing, and (y) in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., New York City time, on the proposed date of the Competitive Borrowing; *provided, however*, that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) the Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Borrower has decided to reject a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) if the Borrower shall accept a Competitive Bid or Bids made at a particular Competitive Bid Rate but the amount of such Competitive Bid or Bids would cause the total amount to be accepted by the Borrower to exceed the amount specified in the Competitive Bid Request, then the Borrower shall accept a portion of such Competitive Bid or Bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids so accepted, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Bid, and (v) except pursuant to clause (iv) above, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000; *provided further, however*, that if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner determined by the Borrower. A notice given by the Borrower pursuant to this paragraph (d) shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Revolving Credit Lender by telecopy whether or not its Competitive Bid has been accepted (and, if so, in what amount and at what Competitive Bid Rate), and each successful bidder will thereupon become bound, upon the terms and subject to the conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(f) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Revolving Credit Lender, it shall submit such Competitive Bid directly to the Borrower at least one quarter of an hour earlier than the time by which the other Revolving Credit Lenders are required to submit their Competitive Bids to the Administrative Agent pursuant to paragraph (b) above.

(g) Within the limits set forth in this Section 2.03 and subject to the terms, conditions and limitations set forth herein, the Borrower may borrow, pay and reborrow Competitive Loans.

SECTION 2.04. *Borrowing Procedure.* In order to request a Borrowing (other than a Competitive Borrowing or a deemed Borrowing pursuant to Section 2.02(f), as to which this Section 2.04 shall not apply), the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than

11:00 a.m., New York City time, three Business Days before a proposed Borrowing, and (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the day of a proposed Borrowing. Each Borrowing Request shall be irrevocable, shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request substantially in the form of Exhibit C or such other form as shall be acceptable to the Administrative Agent and shall specify the following information: (i) whether the Borrowing then being requested is to be a Term Borrowing or a Revolving Credit Borrowing, and whether such Borrowing is to be a Eurodollar Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day); (iii) the number and location of the account to which funds are to be disbursed (which shall be an account that complies with the requirements of Section 2.02(c)); (iv) the amount of such Borrowing; and (v) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto; *provided, however*, that, notwithstanding any contrary specification in any Borrowing Request, each requested Borrowing shall comply with the requirements set forth in Section 2.02. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. The Administrative Agent shall promptly advise the applicable Lenders of any notice given pursuant to this Section 2.04 (and the contents thereof), and of each Lender's portion of the requested Borrowing.

SECTION 2.05. *Evidence of Debt; Repayment of Loans.* (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender (i) the principal amount of each Term Loan of such Lender as provided in Section 2.12, (ii) the then unpaid principal amount of each Competitive Loan of such Lender on the last day of the Interest Period applicable to such Loan and (iii) the then unpaid principal amount of each Revolving Loan of such Lender on the Maturity Date.

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

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Class and Type thereof and, if applicable, the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

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

(e) Any Lender may request that Loans made by it hereunder be evidenced by a promissory note. In such event, the Borrower shall execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in a form and substance reasonably acceptable to the Administrative Agent and the Borrower. Notwithstanding any other provision of this Agreement, in the event any Lender shall request and receive such a promissory note, the interests represented by such note shall at all times (including after any assignment of all or part of such interests pursuant to Section 9.04) be represented by one or more promissory notes payable to the payee named therein or its registered assigns.

SECTION 2.06. *Fees.* (a) The Borrower agrees to pay to each Revolving Credit Lender, through the Administrative Agent, on the last Business Day of March, June, September and December in each year, and on the date on which the Revolving Credit Commitment of such Lender shall expire or be terminated as provided herein, a facility fee (a "*Facility Fee*") equal to the Applicable Percentage per annum in effect from time to time on the daily amount of the Revolving Credit Commitment of such Lender (whether used or unused) during the preceding quarter (or shorter period commencing with the date hereof or ending with the Maturity Date or the date on which the Revolving Credit Commitment of such Lender shall expire or be terminated); *provided* that, if such Lender continues to have any Revolving Credit Exposure after its Revolving Credit Commitment terminates, then the Facility Fee shall continue to accrue (and be payable on demand) on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Revolving Credit Commitment terminates to and including the date on which such Lender ceases to have any Revolving Credit Exposure. All Facility Fees shall be computed on the basis of the actual number of days elapsed (including the first day but excluding the last day) in a year of 360 days. The Facility Fee due to each Lender shall commence to accrue on the date of this Agreement and shall cease to accrue on the later of the date on which the Revolving Credit Commitment of such Lender shall expire or be terminated as provided herein and such Lender shall have no Revolving Credit Exposure.

(b) The Borrower agrees to pay to the Administrative Agent, for its own account, the administrative fees separately agreed to in the Fee Letter.

(c) The Borrower agrees to pay (i) to each Revolving Credit Lender, through the Administrative Agent, on the last Business Day of March, June, September and December of each year and on the date on which the Revolving Credit Commitment of such Lender shall be terminated as provided herein, a fee (an "*L/C Participation Fee*") at a rate per annum equal to the Applicable Percentage from time to time used to determine the interest rate on Revolving Credit Borrowings comprised of Eurodollar Loans pursuant to Section 2.07, calculated on such Lender's Pro Rata Percentage of the daily aggregate L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements) during the preceding quarter (or shorter period commencing with the date hereof or ending with the Maturity Date or the date on which the Revolving Credit Commitment of such Lender shall expire or be terminated); *provided* that, if such Lender continues to have any L/C Exposure after its Revolving Credit Commitment terminates, then the L/C Participation Fee shall continue to accrue (and be payable on demand) on such Lender's Pro Rata Percentage of the daily aggregate L/C Exposure from and including the date on which its

Revolving Credit Commitment terminates to and including the date on which such Lender ceases to have any L/C Exposure) and (ii) to the Issuing Bank with respect to each Letter of Credit, on the last Business Day of March, June, September, and December of each year and on the date on which the L/C Commitment of the Issuing Bank shall be terminated as provided herein (or later date on which all the Letters of Credit issued by such Issuing Bank shall have been terminated or expired), (x) a fronting fee equal to 0.125% per annum on the aggregate outstanding face amount of such Letter of Credit and (y) the standard issuance and drawing fees specified from time to time by the Issuing Bank (the "*Issuing Bank Fees*"). All L/C Participation Fees and Issuing Bank Fees shall be computed on the basis of the actual number of days elapsed (including the first day but excluding the last day) in a year of 360 days.

(d) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that the Issuing Bank Fees shall be paid directly to the Issuing Bank. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.07. *Interest on Loans.* (a) Subject to the provisions of Section 2.08, the Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed (including the first day but excluding the last day) over a year of 365 or 366 days, as the case may be, when the Alternate Base Rate is determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate in effect from time to time.

(b) Subject to the provisions of Section 2.08, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed (including the first day but excluding the last day) over a year of 360 days) at a rate per annum equal to (i) in the case of each Term Loan and Revolving Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Percentage in effect from time to time, and (ii) in the case of each Competitive Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus the Margin offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03.

(c) Subject to the provisions of Section 2.08, each Fixed Rate Loan shall bear interest (computed on the basis of the actual number of days elapsed (including the first day but excluding the last day) over a year of 360 days) at a rate per annum equal to the fixed rate of interest offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03.

(d) Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement; *provided* that (i) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (ii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion. The applicable Alternate Base Rate or LIBO Rate for each Interest Period or day within an Interest Period, as the case may

be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.08. *Default Interest.* If the Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, by acceleration or otherwise, the Borrower shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount to but excluding the date of actual payment (after as well as before judgment) (a) in the case of overdue principal, at the rate otherwise applicable to such Loan pursuant to Section 2.07 plus 2.00% per annum and (b) in all other cases, at a rate per annum (computed on the basis of the actual number of days elapsed (including the first day but excluding the last day) over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate and over a year of 360 days at all other times) equal to the Alternate Base Rate plus 2.00%.

SECTION 2.09. *Alternate Rate of Interest.* In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing the Administrative Agent shall have determined that dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market, or that reasonable means do not exist for ascertaining the LIBO Rate, or the Administrative Agent shall have been informed by the Required Lenders (or, in the case of a Eurodollar Competitive Loan, any Lender required to make such Loan) that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to the Required Lenders (or such Lender) of making or maintaining their or its Eurodollar Loan during such Interest Period, the Administrative Agent shall, as soon as practicable thereafter, give written or teletype notice thereof to the Borrower and the Lenders. In the event of any such notice, until the Administrative Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (a) any request by the Borrower for a Eurodollar Borrowing pursuant to Section 2.04 or 2.11 shall be deemed to be a request for an ABR Borrowing and (b) any request by the Borrower for a Eurodollar Competitive Borrowing pursuant to Section 2.03 shall be of no force and effect and shall be denied by the Administrative Agent; *provided* that if the circumstances giving rise to such notice do not affect all the Lenders, then the Borrower may make requests for Eurodollar Competitive Borrowings to Lenders that are not affected thereby. Each determination by the Administrative Agent under this Section 2.09 shall be conclusive absent manifest error.

SECTION 2.10. *Termination and Reduction of Commitments.* (a) The Term Loan Commitments shall automatically terminate upon the making of the Term Loans on the Closing Date. The Revolving Credit Commitments and the L/C Commitment shall automatically terminate on the Maturity Date.

(b) Upon at least three Business Days' prior irrevocable written or teletype notice (or telephone notice promptly confirmed by written or teletype notice) to the Administrative Agent, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Term Loan Commitments or the Revolving Credit Commitments; *provided, however*, that (i) each partial reduction of the Term Loan Commitments or the Revolving Credit Commitments shall be in an integral

multiple of \$1,000,000 and in a minimum amount of \$10,000,000 and (ii) the Total Revolving Credit Commitment shall not be reduced to an amount that is less than the sum of the Aggregate Revolving Credit Exposure and the aggregate outstanding principal amount of the Competitive Loans at the time.

(c) Each reduction in the Term Loan Commitments or the Revolving Credit Commitments hereunder shall be made ratably among the Lenders in accordance with their respective applicable Commitments. The Borrower shall pay to the Administrative Agent for the account of the applicable Lenders, on the date of each termination or reduction, the Facility Fees on the amount of the Revolving Credit Commitments so terminated or reduced accrued to but excluding the date of such termination or reduction.

SECTION 2.11. *Conversion and Continuation of Borrowings.* The Borrower shall have the right at any time upon prior irrevocable written or teletype notice (or telephone notice promptly confirmed by written or teletype notice) to the Administrative Agent (a) not later than 11:00 a.m., New York City time, on the day of conversion, to convert any Eurodollar Borrowing into an ABR Borrowing, (b) not later than 11:00 a.m., New York City time, three Business Days prior to conversion or continuation, to convert any ABR Borrowing into a Eurodollar Borrowing or to continue any Eurodollar Borrowing as a Eurodollar Borrowing for an additional Interest Period, and (c) not later than 11:00 a.m., New York City time, three Business Days prior to conversion, to convert the Interest Period with respect to any Eurodollar Borrowing to another permissible Interest Period, subject in each case to the following:

(i) each conversion or continuation shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans comprising the converted or continued Borrowing;

(ii) if less than all the outstanding principal amount of any Borrowing shall be converted or continued, then each resulting Borrowing shall satisfy the limitations specified in Sections 2.02(a) and 2.02(b) regarding the principal amount and maximum number of Borrowings of the relevant Type;

(iii) each conversion shall be effected by each Lender and the Administrative Agent by recording for the account of such Lender the new Loan of such Lender resulting from such conversion and reducing the Loan (or portion thereof) of such Lender being converted by an equivalent principal amount; accrued interest on any Eurodollar Loan (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(iv) if any Eurodollar Borrowing is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Lenders pursuant to Section 2.16;

(v) any portion of a Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Eurodollar Borrowing;

(vi) any portion of a Eurodollar Borrowing that cannot be converted into or continued as a Eurodollar Borrowing by reason of the immediately preceding clause shall be automatically converted at the end of the Interest Period in effect for such Borrowing into an ABR Borrowing;

(vii) no Interest Period may be selected for any Eurodollar Term Borrowing that would end later than a Repayment Date occurring on or after the first day of such Interest Period if, after giving effect to such selection, the aggregate outstanding amount of (A) the Eurodollar Term Borrowings with Interest Periods ending on or prior to such Repayment Date and (B) the ABR Term Borrowings would not be at least equal to the principal amount of Term Borrowings to be paid on such Repayment Date; and

(viii) upon notice to the Borrower from the Administrative Agent given at the request of the Required Lenders, after the occurrence and during the continuance of a Default or Event of Default, no outstanding Loan may be converted into, or continued as, a Eurodollar Loan and, unless repaid, each Eurodollar Borrowing shall be converted into an ABR Borrowing at the end of the Interest Period applicable thereto.

Each notice pursuant to this Section 2.11 shall refer to this Agreement and specify (i) the identity and amount of the Borrowing that the Borrower requests be converted or continued, (ii) whether such Borrowing is to be converted to or continued as a Eurodollar Borrowing or an ABR Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Borrowing is to be converted to or continued as a Eurodollar Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration. The Administrative Agent shall advise the Lenders of any notice given pursuant to this Section 2.11 and of each Lender's portion of any converted or continued Borrowing. If the Borrower shall not have given notice in accordance with this Section 2.11 to continue any Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this Section 2.11 to convert such Borrowing), such Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into an ABR Borrowing. The Borrower shall not have the right to continue or convert the Interest Period with respect to any Competitive Borrowing pursuant to this Section 2.11.

SECTION 2.12. *Repayment of Term Borrowings.* (a) The Borrower shall pay to the Administrative Agent, for the account of the Lenders, on the dates set forth below, or if any such date is not a Business Day, on the next preceding Business Day (each such date being called a "**Repayment Date**"), a principal amount of the Term Loans (as adjusted from time to time pursuant to Sections 2.12(b) and 2.13) equal to the amount set forth below for such date, together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment:

<u>Repayment Date</u>	<u>Amount</u>
March 31, 2008	\$ 6,250,000
June 30, 2008	\$ 6,250,000
September 30, 2008	\$ 6,250,000
December 31, 2008	\$ 6,250,000
March 31, 2009	\$ 12,500,000
June 30, 2009	\$ 12,500,000
September 30, 2009	\$ 12,500,000
December 31, 2009	\$ 12,500,000
March 31, 2010	\$ 12,500,000
June 30, 2010	\$ 12,500,000
September 30, 2010	\$ 12,500,000
December 31, 2010	\$ 12,500,000
March 31, 2011	\$ 18,750,000
June 30, 2011	\$ 18,750,000
September 30, 2011	\$ 18,750,000
December 31, 2011	\$ 18,750,000
March 31, 2012	\$ 18,750,000
June 30, 2012	\$ 18,750,000
September 30, 2012	\$ 18,750,000
Maturity Date	\$ 243,750,000

(b) In the event and on each occasion that the Term Loan Commitments shall be reduced or shall expire or terminate other than as a result of the making of a Term Loan, the installments payable on each Repayment Date shall be reduced pro rata by an aggregate amount equal to the amount of such reduction, expiration or termination.

(c) To the extent not previously paid, all Term Loans shall be due and payable on the Maturity Date together with accrued and unpaid interest on the principal amount to be paid to but excluding the date of payment.

(d) All repayments pursuant to this Section 2.12 shall be subject to Section 2.16, but shall otherwise be without premium or penalty.

SECTION 2.13. *Optional Prepayment.* (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing (other than a Competitive Borrowing), in whole or in part, upon at least three Business Days' prior written or telecopy notice (or telephone notice promptly confirmed by written or telecopy notice) in the case of Eurodollar Loans, or written or telecopy notice (or telephone notice promptly confirmed by written or telecopy notice) on the day of prepayment in the case of ABR Loans, to the Administrative Agent before 11:00 a.m., New York City time; *provided, however*, that each partial prepayment shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000. The Borrower shall not have the right to prepay any Competitive Borrowing.

(b) Optional prepayments of Term Loans shall be applied pro rata against the remaining scheduled installments of principal due in respect of the Term Loans under Section 2.12.

(c) In the event of any termination of all the Revolving Credit Commitments, the Borrower shall repay or prepay all its outstanding Revolving Credit Borrowings on the date of such termination. If as a result of any partial reduction of the Revolving Credit Commitments the sum of the Aggregate Revolving Credit Exposure and the aggregate outstanding principal amount of the Competitive Loans at the time would exceed the Total Revolving Credit Commitment after giving effect thereto, then the Borrower shall, on the date of such reduction, repay or prepay Revolving Credit Borrowings in an amount sufficient to eliminate such excess.

(d) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the Borrower to prepay such Borrowing by the amount stated therein on the date stated therein. All prepayments under this Section 2.13 shall be subject to Section 2.16 but otherwise without premium or penalty. All prepayments under this Section 2.13 (other than prepayment of an ABR Revolving Loan that does not occur in connection with, or as a result of, the reduction or termination of the Revolving Credit Commitments) shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment.

SECTION 2.14. *Reserve Requirements; Change in Circumstances.* (a) Notwithstanding any other provision of this Agreement, if any Change in Law shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender or the Issuing Bank or shall impose on such Lender or the Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans or Fixed Rate Loans made by

such Lender or any Letter of Credit or participation therein, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or Fixed Rate Loan or increase the cost to any Lender or the Issuing Bank of issuing or maintaining any Letter of Credit or purchasing or maintaining a participation therein or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender or the Issuing Bank to be material, then the Borrower will pay to such Lender or the Issuing Bank, as the case may be, upon demand such additional amount or amounts as will compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank shall have determined that any Change in Law regarding capital adequacy has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made or participations in Letters of Credit purchased by such Lender pursuant hereto or the Letters of Credit issued by the Issuing Bank pursuant hereto to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy) by an amount deemed by such Lender or the Issuing Bank to be material, then from time to time the Borrower shall pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as applicable, as specified in paragraph (a) or (b) above shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank the amount shown as due on any such certificate delivered by it within 15 days after its receipt of the same.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; *provided* that the Borrower shall not be under any obligation to compensate any Lender or the Issuing Bank under paragraph (a) or (b) above with respect to increased costs or reductions with respect to any period prior to the date that is 120 days prior to such request if such Lender or the Issuing Bank knew or could reasonably have been expected to know of the circumstances giving rise to such increased costs or reductions and of the fact that such circumstances could reasonably be expected to result in a claim for increased compensation by reason of such increased costs or reductions; *provided further* that the foregoing limitation shall not apply to any increased costs or reductions arising out of the retroactive application of any Change in Law within such 120-day period. The protection of this Section shall be available to each Lender and the Issuing Bank regardless of any possible contention of the invalidity or inapplicability of the Change

in Law that shall have occurred or been imposed. Notwithstanding any other provision of this Section, no Lender shall be entitled to demand compensation hereunder in respect of any Competitive Loan if it shall have been aware of the event or circumstance giving rise to such demand at the time it submitted the Competitive Bid pursuant to which such Loan was made.

SECTION 2.15. *Change in Legality.* (a) Notwithstanding any other provision of this Agreement, if any Change in Law shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to the Borrower and to the Administrative Agent:

(i) such Lender may declare that Eurodollar Loans will not thereafter (for the duration of such unlawfulness) be made by such Lender hereunder (or be continued for additional Interest Periods and ABR Loans will not thereafter (for such duration) be converted into Eurodollar Loans), whereupon such Lender shall not submit a Competitive Bid in response to a request for a Eurodollar Competitive Loan and any request for a Eurodollar Borrowing (or to convert an ABR Borrowing to a Eurodollar Borrowing or to continue a Eurodollar Borrowing for an additional Interest Period) shall, as to such Lender only, be deemed a request for an ABR Loan (or a request to continue an ABR Loan as such for an additional Interest Period or to convert a Eurodollar Loan into an ABR Loan, as the case may be), unless such declaration shall be subsequently withdrawn; and

(ii) such Lender may require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below.

In the event any Lender shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal that would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Lender or the converted Eurodollar Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(b) For purposes of this Section 2.15, a notice to the Borrower by any Lender shall be effective as to each Eurodollar Loan made by such Lender, if lawful, on the last day of the Interest Period then applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by the Borrower.

SECTION 2.16. *Break Funding.* The Borrower shall compensate each Lender for any loss or expense that such Lender may sustain or incur as a consequence of (a) such Lender receiving or being deemed to receive any amount on account of the principal of any Fixed Rate Loan or Eurodollar Loan prior to the end of the Interest Period in effect therefor, (b) the conversion of any Eurodollar Loan to an ABR Loan, or the conversion of the Interest Period with respect to any Eurodollar Loan, in each case other than on the last day of the Interest Period in effect therefor or (c) the failure of the Borrower to borrow, convert,

continue or prepay any Fixed Rate Loan or Eurodollar Loan made or to be made by such Lender (including any Eurodollar Loan to be made pursuant to a conversion or continuation under Section 2.11) after notice of such borrowing, conversion, continuation or prepayment shall have been given by the Borrower hereunder (any of the events referred to in this sentence being called a “*Breakage Event*”). In the case of any Breakage Event, such loss shall include an amount equal to the excess, as reasonably determined by such Lender, of (i) its cost of obtaining funds for the Fixed Rate Loan or Eurodollar Loan that is the subject of such Breakage Event for the period from the date of such Breakage Event to the last day of the Interest Period in effect (or that would have been in effect) for such Loan over (ii) the amount of interest likely to be realized by such Lender in redeploying the funds released or not utilized by reason of such Breakage Event for such period. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount due within 15 days of the receipt of any such certificate.

SECTION 2.17. *Pro Rata Treatment.* Except as provided below in this Section 2.17 with respect to Competitive Borrowings and as required under Section 2.15, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Facility Fees and the L/C Participation Fees, each reduction of the Term Loan Commitments or the Revolving Credit Commitments and each conversion of any Borrowing to or continuation of any Borrowing as a Borrowing of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Loans). Each payment of principal of and interest on any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing. For purposes of determining the available Revolving Credit Commitments of the Lenders at any time, each outstanding Competitive Borrowing shall be deemed to have utilized the Revolving Credit Commitments of the Lenders (including those Lenders which shall not have made Loans as part of such Competitive Borrowing) pro rata in accordance with such respective Revolving Credit Commitments. Each Lender agrees that in computing such Lender’s portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender’s percentage of such Borrowing to the next higher or lower whole dollar amount.

SECTION 2.18. *Sharing of Setoffs.* Each Lender agrees that if it shall, through the exercise of a right of banker’s lien, setoff or counterclaim against the Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Loan or Loans or L/C Disbursement as a result of which the unpaid principal portion of its Loans and participations in L/C Disbursements shall be proportionately less than the unpaid principal portion of the Loans and participations in L/C Disbursements of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and

shall promptly pay to such other Lender the purchase price for, a participation in the Loans and L/C Exposure of such other Lender, so that the aggregate unpaid principal amount of the Loans and L/C Exposure and participations in Loans and L/C Exposure held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Loans and L/C Exposure then outstanding as the principal amount of its Loans and L/C Exposure prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans and L/C Exposure outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; *provided, however*, that if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.18 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in a Loan or L/C Disbursement deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly to the Borrower in the amount of such participation.

SECTION 2.19. *Payments.* (a) The Borrower shall make each payment (including principal of or interest on any Borrowing or any L/C Disbursement or any Fees or other amounts) hereunder not later than 12:00 (noon), New York City time, on the date when due in immediately available dollars, without setoff, defense or counterclaim. Each such payment (other than Issuing Bank Fees, which shall be paid directly to the Issuing Bank), shall be made to the Administrative Agent at its offices at Eleven Madison Avenue, New York, NY 10010 or as otherwise instructed by the Administrative Agent.

(b) Except as otherwise expressly provided herein, whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

(c) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower does not in fact make such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, and to pay interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds (which determination shall be conclusive absent manifest error).

SECTION 2.20. *Taxes.* (a) Any and all payments by the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; *provided* that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.20) the Administrative Agent or such Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes not paid pursuant to Section 2.20(a)(iii) to the relevant Governmental Authority in accordance with applicable law. As of the Closing Date, each Foreign Lender intends to make Loans hereunder out of an office located in the United States of America or out of an office so that such Loans would not be subject to Other Taxes.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within 15 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; *provided, however*, that the Borrower shall not be obligated to make a payment pursuant to this Section 2.20 in respect of penalties, interest and other liabilities attributable to any Indemnified Taxes or Other Taxes, if (i) such penalties, interest and other liabilities are attributable to the failure of the Administrative Agent or such Lender, as the case may be, to pay amounts paid to the Administrative Agent or such Lender by the Borrower (for Indemnified Taxes or Other Taxes) to the appropriate taxing authority in a timely manner after receipt of such payment from the Borrower or (ii) such penalties, interest and other liabilities are attributable to the gross negligence or wilful misconduct of the Administrative Agent or such Lender, as the case may be. After the Administrative Agent or a Lender learns of the imposition of Indemnified Taxes or Other Taxes, such person will act in good faith to promptly notify the Borrower of its obligations hereunder. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law and reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate. Each Foreign Lender, before it signs and delivers this Agreement if listed on the signature pages hereof and before it becomes a Lender in the case of each other Foreign Lender, and from time to time thereafter, before the date any such form expires or becomes obsolete or invalid, shall provide the Borrower and the Administrative Agent with Internal Revenue Service form W-8BEN or W-8ECI (or other appropriate or successor form prescribed by the Internal Revenue Service) in duplicate, certifying that such Foreign Lender is entitled to benefits under an income tax treaty to which the United States of America is a party which exempts the Foreign Lender from U.S. withholding tax on payments of interest for the account of such Foreign Lender or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct by such Foreign Lender of a trade or business in the United States of America and exempt from United States withholding tax.

(f) If the Administrative Agent or a Lender determines that it has received a refund or credit in respect of and specifically associated with any Indemnified Taxes or Other Taxes as to which it has been indemnified by the Borrower, or with respect to which the Borrower has paid additional amounts, it shall promptly notify the Borrower of such refund or credit and shall within 15 days from the date of receipt of such refund or benefit of such credit pay over the amount of such refund or benefit of such credit (including any interest paid or credited by the relevant taxing authority or Governmental Authority with respect to such refund or credit) to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower with respect to the Indemnified Taxes or Other Taxes giving rise to such refund of credit), net of all out-of-pocket expenses of such person. If the Administrative Agent or a Lender shall become aware that it is entitled to receive a refund or credit in respect of Indemnified Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts, it shall promptly notify the Borrower of the availability of such refund or credit and shall, within 15 days after receipt of a request for such by the Borrower (whether as a result of notification that it has made of such to the Borrower or otherwise), make a claim to such taxing authority or Governmental Authority for such refund or credit and contest such Indemnified Taxes, Other Taxes or liabilities if (i) such Lender or the Administrative Agent determines, in its sole discretion, that it would not be materially disadvantaged or prejudiced as a result of such contest (it being understood that the mere existence of fees, charges, costs or expenses that the Borrower has offered to and agreed to pay on behalf of a Lender or the Administrative Agent shall not be deemed to be materially disadvantageous to such person) and (ii) the Borrower furnishes, upon request of the Lender or the Administrative Agent, an opinion of reputable tax counsel (such opinion and such counsel to be acceptable to such Lender or the Administrative Agent) to the effect that such Indemnified Taxes or Other Taxes were wrongfully or illegally imposed.

SECTION 2.21. *Assignment of Commitments Under Certain Circumstances; Duty to Mitigate.* (a) In the event (i) any Lender or the Issuing Bank delivers a certificate requesting compensation pursuant to Section 2.14, (ii) any Lender or the Issuing Bank delivers a notice described in Section 2.15, (iii) the Borrower is required to pay any additional amount to any Lender or the Issuing Bank or any Governmental Authority on account of any Lender or the Issuing Bank pursuant to Section 2.20 or (iv) any Lender refuses to consent to any amendment, waiver or other modification of this Agreement requested by the Borrower that requires the consent of a greater percentage of the Lenders than the Required Lenders and such amendment, waiver or other modification is consented to by the Required Lenders, the Borrower may, at its sole expense and effort (including with respect to the processing and recordation fee referred to in Section 9.04(b)), upon notice to such Lender or the Issuing Bank and the Administrative Agent, require such Lender or the Issuing Bank to transfer and assign, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all of its interests, rights and obligations under this Agreement (or, in the case of clause (iv) above, all of its interests, rights and obligations with respect to the Class of Loans or Commitments that is the subject of the related consent, amendment, waiver or other modification) to an Eligible Assignee that shall assume such assigned obligations and, with respect to clause (iv) above, shall consent to such requested amendment, waiver or other modification of this Agreement (which Eligible Assignee may be another Lender, if a Lender accepts such assignment); *provided* that (x) such assignment shall not conflict with any law, rule or regulation or order of any court or other Governmental Authority having jurisdiction, (y) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Revolving Credit Commitment is being assigned, of the Issuing Bank), which consent shall not unreasonably be withheld, and (z) the Borrower or such Eligible Assignee shall have paid to the affected Lender or the Issuing Bank in immediately available funds an amount equal to the sum of the principal of and interest accrued to the date of such payment on the outstanding Loans or L/C Disbursements of such Lender or the Issuing Bank, respectively, plus all Fees and other amounts accrued for the account of such Lender or the Issuing Bank hereunder (including any amounts under Section 2.14 and Section 2.16); *provided further* that, if prior to any such transfer and assignment the circumstances or event that resulted in such Lender's or the Issuing Bank's claim for compensation under Section 2.14 or notice under Section 2.15 or the amounts paid pursuant to Section 2.20, as the case may be, cease to cause such Lender or the Issuing Bank to suffer increased costs or reductions in amounts received or receivable or reduction in return on capital, or cease to have the consequences specified in Section 2.15, or cease to result in amounts being payable under Section 2.20, as the case may be (including as a result of any action taken by such Lender or the Issuing Bank pursuant to paragraph (b) below), or if such Lender or the Issuing Bank shall waive its right to claim further compensation under Section 2.14 in respect of such circumstances or event or shall withdraw its notice under Section 2.15 or shall waive its right to further payments under Section 2.20 in respect of such circumstances or event or shall consent to the proposed amendment, waiver, consent or other modification, as the case may be, then such Lender or the Issuing Bank shall not thereafter be required to make any such transfer and assignment hereunder. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any Assignment and Acceptance necessary to

effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section 2.21(a).

(b) If (i) any Lender or the Issuing Bank shall request compensation under Section 2.14, (ii) any Lender or the Issuing Bank delivers a notice described in Section 2.15 or (iii) the Borrower is required to pay any additional amount or indemnity payment to any Lender or the Issuing Bank or any Governmental Authority on account of any Lender or the Issuing Bank, pursuant to Section 2.20, then such Lender or the Issuing Bank shall use reasonable efforts (which shall not require such Lender or the Issuing Bank to incur an unreimbursed loss or unreimbursed cost or expense or otherwise take any action inconsistent with its internal policies or legal or regulatory restrictions or suffer any disadvantage or burden deemed by it to be significant) (x) to file any certificate or document reasonably requested in writing by the Borrower or (y) to assign its rights and delegate and transfer its obligations hereunder to another of its offices, branches or affiliates, if such filing or assignment would reduce its claims for compensation under Section 2.14 or enable it to withdraw its notice pursuant to Section 2.15 or would reduce amounts payable pursuant to Section 2.20, as the case may be, in the future. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or the Issuing Bank in connection with any such filing or assignment, delegation and transfer.

SECTION 2.22. *Letters of Credit.* (a) *General.* The Borrower may request the issuance of a Letter of Credit for its own account or for the account of any of its Subsidiaries (in which case the Borrower and such Subsidiary shall be co-applicants with respect to such Letter of Credit), in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time while the Revolving Credit Commitments remain in effect. This Section 2.22 shall not be construed to impose an obligation upon the Issuing Bank to issue any Letter of Credit that is inconsistent with the terms and conditions of this Agreement.

(b) *Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions.* In order to request the issuance of a Letter of Credit (or to amend, renew or extend an existing Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) below), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare such Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if, and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that, after giving effect to such issuance, amendment, renewal or extension (i) the L/C Exposure shall not exceed the L/C Commitment and (ii) the sum of the Aggregate Revolving Credit Exposure and the aggregate principal amount of outstanding Competitive Borrowings shall not exceed the Total Revolving Credit Commitment.

(c) *Expiration Date.* Each Letter of Credit shall expire at the close of business on the earlier of the date one year after the date of the issuance of such Letter of Credit and the date that is five Business Days prior to the Maturity Date, unless such Letter of Credit expires by its terms on an earlier date; *provided, however,* that a Letter of Credit may, upon the request of the Borrower, include a provision whereby such Letter of Credit shall be renewed automatically for additional consecutive periods of 12 months or less (but not beyond the date that is five Business Days prior to the Maturity Date) unless the Issuing Bank notifies the beneficiary thereof at least 30 days (or such longer period as may be specified in such Letter of Credit) prior to the then-applicable expiration date that such Letter of Credit will not be renewed.

(d) *Participations.* By the issuance of a Letter of Credit and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Revolving Credit Lender, and each such Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Pro Rata Percentage of the aggregate amount available to be drawn under such Letter of Credit, effective upon the issuance of such Letter of Credit (or, in the case of the Existing Letters of Credit, effective upon the Closing Date). In consideration and in furtherance of the foregoing, each Revolving Credit Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Pro Rata Percentage of each L/C Disbursement made by the Issuing Bank and not reimbursed by the Borrower forthwith on the date due as provided in Section 2.02(f). Each Revolving Credit Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) *Reimbursement.* If the Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the Borrower shall pay to the Administrative Agent an amount equal to such L/C Disbursement not later than 5:00 p.m., New York City time, on the day on which the Borrower shall have received notice from the Issuing Bank that payment of such draft will be made, or, if the Borrower shall have received such notice later than 11:00 a.m., New York City time, on any Business Day, not later than 12:00 noon, New York City time, on the immediately following Business Day.

(f) *Obligations Absolute.* The Borrower's obligations to reimburse L/C Disbursements as provided in paragraph (e) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever, and irrespective of:

- (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein;
- (ii) any amendment or waiver of this Agreement;

(iii) the existence of any claim, setoff, defense or other right that the Borrower, any other party guaranteeing, or otherwise obligated with, the Borrower, any Subsidiary or other Affiliate thereof or any other person may at any time have against the beneficiary under any Letter of Credit, the Issuing Bank, the Administrative Agent or any Lender or any other person, whether in connection with this Agreement or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of the Issuing Bank, the Lenders, the Administrative Agent or any other person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.22, constitute a legal or equitable discharge of the Borrower's obligations hereunder.

Without limiting the generality of the foregoing, it is expressly understood and agreed that the absolute and unconditional obligation of the Borrower hereunder to reimburse L/C Disbursements will not be excused by the gross negligence or wilful misconduct of the Issuing Bank. However, the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's gross negligence or wilful misconduct in determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof; it is understood that the Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and, in making any payment under any Letter of Credit (i) the Issuing Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute wilful misconduct or gross negligence of the Issuing Bank.

(g) *Disbursement Procedures.* The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under

a Letter of Credit. The Issuing Bank shall as promptly as possible give telephonic notification, confirmed by telecopy, to the Administrative Agent and the Borrower of such demand for payment and whether the Issuing Bank has made or will make an L/C Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Revolving Credit Lenders with respect to any such L/C Disbursement. The Administrative Agent shall promptly give each Revolving Credit Lender notice thereof.

(h) *Interim Interest.* If the Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, then, unless the Borrower shall reimburse such L/C Disbursement in full on such date, the unpaid amount thereof shall bear interest for the account of the Issuing Bank, for each day from and including the date of such L/C Disbursement, to but excluding the earlier of the date of payment by the Borrower or the date on which interest shall commence to accrue thereon as provided in Section 2.02(f), at the rate per annum that would apply to such amount if such amount were an ABR Revolving Loan.

(i) *Resignation or Removal of the Issuing Bank.* The Issuing Bank may resign at any time by giving 30 days' prior written notice to the Administrative Agent, the Lenders and the Borrower, and may be removed at any time by the Borrower by notice to the Issuing Bank, the Administrative Agent and the Lenders. Subject to the next succeeding paragraph, upon the acceptance of any appointment as the Issuing Bank hereunder by a Lender that shall agree to serve as successor Issuing Bank, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring Issuing Bank and the retiring Issuing Bank shall be discharged from its obligations to issue additional Letters of Credit hereunder. At the time such removal or resignation shall become effective, the Borrower shall pay all accrued and unpaid fees pursuant to Section 2.06(c)(ii). The acceptance of any appointment as the Issuing Bank hereunder by a successor Lender shall be evidenced by an agreement entered into by such successor, in a form satisfactory to the Borrower and the Administrative Agent, and, from and after the effective date of such agreement, (i) such successor Lender shall have all the rights and obligations of the previous Issuing Bank under this Agreement and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the resignation or removal of the Issuing Bank hereunder, the retiring Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such resignation or removal, but shall not be required to issue additional Letters of Credit.

(j) *Cash Collateralization.* If any Event of Default shall occur and be continuing, the Borrower shall, on the Business Day it receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Credit Lenders holding participations in outstanding Letters of Credit representing greater than 50% of the aggregate undrawn amount of all outstanding Letters of Credit) thereof and of the amount to be deposited, deposit in an account with the Administrative Agent, for the benefit of the Revolving Credit Lenders, an amount in cash equal to the L/C Exposure as of such date, *provided, however* that the obligation to deposit such cash shall become effective

immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (g) or (h) of Article VII. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits in Permitted Investments, which investments shall be made at the option and sole discretion of the Administrative Agent, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall (i) automatically be applied by the Administrative Agent to reimburse the Issuing Bank for L/C Disbursements for which it has not been reimbursed, (ii) be held for the satisfaction of the reimbursement obligations of the Borrower for the L/C Exposure at such time and (iii) if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Credit Lenders holding participations in outstanding Letters of Credit representing greater than 50% of the aggregate undrawn amount of all outstanding Letters of Credit), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

(k) *Additional Issuing Banks.* The Borrower may, at any time and from time to time with the consent of the Administrative Agent (which consent shall not be unreasonably withheld or delayed) and such Lender, designate one or more additional Lenders to act as an issuing bank under the terms of this Agreement. Any Lender designated as an issuing bank pursuant to this paragraph (k) shall be deemed to be an "Issuing Bank" (in addition to being a Lender) in respect of Letters of Credit issued or to be issued by such Lender, and, with respect to such Letters of Credit, such term shall thereafter apply to the other Issuing Bank and such Lender.

SECTION 2.23. *Incremental Commitments.* (a) The Borrower may, by written notice to the Administrative Agent from time to time, request that the Total Revolving Credit Commitment (and, in connection therewith, the L/C Commitment) be increased by an amount not to exceed the Incremental Commitment Amount at such time. Such notice shall set forth the amount of the requested increase in the Total Revolving Credit Commitment (which shall be in minimum increments of \$5,000,000 and a minimum amount of \$10,000,000 or equal to the remaining Incremental Commitment Amount) and, if applicable, the L/C Commitment, and the date on which such increase is requested to become effective (which shall be not less than 10 Business Days nor more than 60 days after the date of such notice and which, in any event, must be on or prior to the Maturity Date), and shall offer each Revolving Credit Lender the opportunity to increase its Revolving Credit Commitment by its Pro Rata Percentage of the proposed increased amount. Each Revolving Credit Lender shall, by notice to the Borrower and the Administrative Agent given not more than 10 days after the date of the Administrative Agent's notice, either agree to increase its Revolving Credit Commitment by all or a portion of the offered amount (each Lender so agreeing being an "*Increasing Lender*") or decline to increase its Revolving Credit Commitment (and any Lender that does not deliver such a

notice within such period of 10 days shall be deemed to have declined to increase its Revolving Credit Commitment) (each Lender so declining or being deemed to have declined being a “*Non-Increasing Lender*”). In the event that, on the 10th day after the Administrative Agent shall have delivered such notice, the Revolving Credit Lenders shall have agreed pursuant to the preceding sentence to increase their Revolving Credit Commitments by an aggregate amount less than the increase in the Total Revolving Credit Commitment requested by the Borrower, the Borrower may arrange for one or more banks or other entities (any such bank or other entity being called an “*Augmenting Lender*”), which may include any Lender, to extend Revolving Credit Commitments or increase their existing Revolving Credit Commitments in an aggregate amount equal to the unsubscribed amount; *provided* that, notwithstanding the foregoing, (i) no person shall become a Revolving Credit Lender and no Revolving Credit Lender’s Revolving Credit Commitment shall increase pursuant to this Section 2.23 without the prior written consent of the Administrative Agent and the Issuing Bank (which shall not be unreasonably withheld) and (ii) the L/C Commitment of any Issuing Bank shall not be increased pursuant to this Section 2.23 without the prior written consent of such Issuing Bank. The Borrower and each Augmenting Lender shall execute all such documentation as the Administrative Agent shall reasonably specify to evidence its Revolving Credit Commitment and/or its status as a Revolving Credit Lender hereunder. Any increase in the Revolving Credit Commitment may be made in an amount which is less than the increase requested by the Borrower if the Borrower is unable to arrange for, or chooses not to arrange for, Augmenting Lenders.

(b) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all actions as may be reasonably necessary to ensure that, after giving effect to any increase in the Total Revolving Credit Commitment pursuant to this Section 2.23, the outstanding Revolving Loans (if any) are held by the Revolving Credit Lenders in accordance with their new Pro Rata Percentages. This may be accomplished at the discretion of the Administrative Agent (i) by requiring the outstanding Revolving Loans to be prepaid with the proceeds of a new Revolving Credit Borrowing, (ii) by causing Non-Increasing Lenders to assign portions of their outstanding Revolving Loans to Increasing Lenders and Augmenting Lenders or (iii) by any combination of the foregoing. Any prepayment or assignment described in this paragraph (b) shall be subject to Section 2.16, but otherwise without premium or penalty.

(c) Notwithstanding the foregoing, no increase in the Total Revolving Credit Commitment shall become effective under this Section 2.23 unless, (i) on the date of such increase, the conditions set forth in paragraphs (b) and (c) of Section 4.01 shall be satisfied and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Borrower, and (ii) the Administrative Agent shall have received (with sufficient copies for each of the Lenders) such customary closing documentation as the Administrative Agent shall have reasonably requested.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Administrative Agent, the Issuing Bank and each of the Lenders that:

SECTION 3.01. *Organization; Powers.* The Borrower and each of the Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and (c) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.02. *Authorization.* The execution, delivery and performance by the Borrower of this Agreement and the transactions contemplated hereby (including the Borrowings hereunder) (collectively, the “*Transactions*”) (a) are within the Borrower’s corporate powers and have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of the Borrower or any Subsidiary, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which the Borrower or any Subsidiary is a party or by which any of them or any of their property is or may be bound, the effect of which could reasonably be expected to result in a Material Adverse Effect, (ii) result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument, the effect of which could reasonably be expected to result in a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by the Borrower or any Subsidiary.

SECTION 3.03. *Enforceability.* This Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforceability of creditors’ rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.04. *Governmental Approvals.* No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except for such as have been made or obtained and are in full force and effect.

SECTION 3.05. *Financial Statements.* The Borrower has heretofore furnished to the Lenders its consolidated balance sheets and related statements of income, stockholders’ equity and cash flows (a) as of and for the fiscal year ended December 31, 2006, audited by and accompanied by the opinion of PricewaterhouseCoopers LLP, independent public

accountants, and (b) as of and for the fiscal quarter and the portion of the fiscal year ended June 30, 2007, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial condition and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (b) above.

SECTION 3.06. *No Material Adverse Change.* As of the Closing Date, since December 31, 2006, there has been no material adverse change in the financial condition, results of operations or business of the Borrower and the Subsidiaries, taken as a whole.

SECTION 3.07. *Subsidiaries.* Schedule 3.07 sets forth as of the Closing Date a list of all Subsidiaries and the percentage ownership interest of the Borrower therein.

SECTION 3.08. *Litigation; Compliance with Laws.* (a) There are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary or any business, property or rights of any such person (i) that involve this Agreement or the Transactions or (ii) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(b) None of the Borrower or any of the Subsidiaries is in violation of any law, rule or regulation, or is in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority, where such violation or default could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.09. *Federal Reserve Regulations.* (a) The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

(b) No part of the proceeds of any Loan or any Letter of Credit will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation T, U or X.

SECTION 3.10. *Investment Company Act.* None of the Borrower or any of the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.11. *Use of Proceeds.* The Borrower will use the proceeds of the Loans and will request the issuance of Letters of Credit only for the purposes specified in the preamble to this Agreement.

SECTION 3.12. *Tax Returns.* Each of the Borrower and the Subsidiaries has filed or caused to be filed all Federal, state, local and foreign tax returns or materials required to have been filed by it and has paid or caused to be paid all Taxes due and payable by it and all assessments received by it, except (a) Taxes that are being contested in good faith by

appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, shall have set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.13. *No Material Misstatements.* None of (a) the Confidential Information Memorandum or (b) any other information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein taken as a whole, in the light of the circumstances under which they were made, not misleading; *provided* that to the extent any such information, report, financial statement, exhibit or schedule was based upon or constitutes a forecast or projection, the Borrower represents only that it acted in good faith and utilized reasonable assumptions and due care in the preparation of such information, report, financial statement, exhibit or schedule.

SECTION 3.14. *Employee Benefit Plans.* No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events, could reasonably be expected to result in a Material Adverse Effect. The accumulated benefit obligations (as defined in Statement of Financial Accounting Standards No. 87) under all Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the last annual valuation dates applicable thereto, exceed by more than \$75,000,000 the fair market value of the assets of all such Plans.

SECTION 3.15. *Environmental Matters.* Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of the Subsidiaries (a) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (b) is subject to any Environmental Liability, (c) has received written notice of any claim with respect to any Environmental Liability or (d) knows of any basis for any Environmental Liability of the Borrower or the Subsidiaries.

SECTION 3.16. *Senior Indebtedness.* The Loans and other obligations hereunder constitute “Senior Indebtedness” under and as defined in the Subordinated Note Documents.

ARTICLE IV

Conditions of Lending

The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder are subject to the satisfaction of the following conditions:

SECTION 4.01. *All Credit Events.* On the date of each Borrowing or issuance, amendment, extension or renewal of a Letter of Credit (each such event being called a “Credit Event”):

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03 or 2.04, as applicable (or such notice shall have been deemed given in accordance with Section 2.04), or, in the case of the issuance, amendment, extension or renewal of a Letter of Credit, the Issuing Bank and the Administrative Agent shall have received a notice requesting the issuance, amendment, extension or renewal of such Letter of Credit as required by Section 2.22(b).

(b) The representations and warranties set forth in Article III hereof shall be true and correct in all material respects on and as of the date of such Credit Event with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) At the time of and immediately after such Credit Event, no Event of Default or Default shall have occurred and be continuing.

Each Credit Event shall be deemed to constitute a representation and warranty by the Borrower on the date of such Credit Event as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

SECTION 4.02. *First Credit Event.* On the Closing Date:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received, on behalf of itself, the Lenders and the Issuing Bank, a favorable written opinion of each of (i) Bradford T. Smith, Chief Legal Officer of the Borrower, substantially to the effect set forth in Exhibit E-1, and (ii) Hogan & Hartson L.L.P., special counsel for the Borrower, substantially to the effect set forth in Exhibit E-2, (A) dated the Closing Date, (B) addressed to the Issuing Bank, the Administrative Agent and the Lenders, and (C) covering such other matters relating to this Agreement and the Transactions as the Administrative Agent shall reasonably request, and the Borrower hereby requests such counsel to deliver such opinions.

(c) The Administrative Agent shall have received (i) a copy of the certificate of incorporation, including all amendments thereto, of the Borrower, certified as of a recent date by the Secretary of State of the State of Delaware, and a certificate as to the good standing of the Borrower as of a recent date, from such Secretary of State; (ii) a certificate of the Secretary or Assistant Secretary of the Borrower dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of the Borrower as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of the Borrower authorizing the execution, delivery and performance of this Agreement and the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are

in full force and effect, (C) that the certificate of incorporation of the Borrower has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of the Borrower; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above; and (iv) such other documents relating to the Borrower, this Agreement or the Transactions as the Lenders, the Issuing Bank or the Administrative Agent may reasonably request.

(d) The Administrative Agent shall have received a certificate, dated the Closing Date and signed by a Financial Officer of the Borrower, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(e) The Administrative Agent shall have received all Fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(f) All principal, interest, fees and other amounts outstanding or due under the Existing Credit Agreement shall have been paid in full, the commitments thereunder terminated, and the Administrative Agent shall have received satisfactory evidence thereof.

(g) The credit facilities provided for by this Agreement shall be rated not lower than BBB by S&P, and the Administrative Agent shall have received satisfactory evidence thereof.

(h) The Lenders shall have received all documentation and other information requested by them and required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act.

ARTICLE V

Affirmative Covenants

The Borrower covenants and agrees with each Lender that until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable hereunder shall have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, the Borrower will, and will cause each of the Subsidiaries to:

SECTION 5.01. *Existence; Businesses and Properties.* (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.04.

(b) Do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect its rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names, and comply in all material respects with all applicable laws, rules, regulations and decrees and orders of any Governmental Authority, in each case except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.02. *Insurance.* Maintain with responsible and reputable insurance companies insurance, to such extent and against such risks as is customary with companies in the same or similar businesses operating in the same or similar locations.

SECTION 5.03. *Obligations and Taxes.* Pay its Indebtedness and other obligations, including Taxes, before the same shall become delinquent or in default, except where (a) the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Borrower shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.04. *Financial Statements, Reports, etc.* In the case of the Borrower, furnish to the Administrative Agent and each Lender:

(a) within 105 days after the end of each fiscal year, its consolidated balance sheet and related statements of income, stockholders' equity and cash flows as of the close of and for such fiscal year, together with comparative figures for the immediately preceding fiscal year, all audited by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 50 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated balance sheet and related statements of income, stockholders' equity and cash flows as of the close of and for such fiscal quarter and the then elapsed portion of the fiscal year, and comparative figures for the same periods in the immediately preceding fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of a Financial Officer (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Sections 6.07 and 6.08 and (iii) stating whether any change in GAAP or in the application thereof has occurred

since the date of the audited financial statements referred to in Section 3.05 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed to its shareholders, as the case may be;

(e) promptly after the receipt thereof by the Borrower or any of its Subsidiaries, a copy of any "management letter" received by any such person from its certified public accountants and the management's response thereto;

(f) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request;

(g) promptly, following a request by any Lender, all documentation and other information that such Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act.

SECTION 5.05. *Litigation and Other Notices.* In the case of the Borrower, furnish to the Administrative Agent, the Issuing Bank and each Lender prompt written notice of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect;

(c) any change in the rating by S&P of the Index Debt; and

(d) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

SECTION 5.06. *Maintaining Records; Access to Properties and Inspections.* Keep books of record and account in conformity with GAAP and all requirements of law in relation to its business and activities. The Borrower will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect the financial records and the properties of the Borrower or any Subsidiary at reasonable times and as often as reasonably

requested and to make extracts from and copies of such financial records, and permit any representatives designated by the Administrative Agent or any Lender to discuss the affairs, finances and condition of the Borrower or any Subsidiary with the officers thereof and independent accountants therefor.

SECTION 5.07. *Use of Proceeds.* Use the proceeds of the Loans and request the issuance of Letters of Credit only for the purposes set forth in the preamble to this Agreement.

ARTICLE VI

Negative Covenants

The Borrower covenants and agrees with each Lender that, until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable hereunder have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, the Borrower will not, and will not cause or permit any of the Subsidiaries to:

SECTION 6.01. *Subsidiary Indebtedness.* With respect to the Subsidiaries, incur, create, issue, assume or permit to exist any Indebtedness or preferred stock, except:

(a) Indebtedness or preferred stock existing on the date hereof and having an aggregate principal amount (or, in the case of preferred stock, an aggregate liquidation preference) of less than \$25,000,000 in the aggregate and, in the case of any such Indebtedness, any extensions, renewals or replacements thereof to the extent the principal amount of such Indebtedness is not increased, and such Indebtedness, if subordinated to the Loans, remains so subordinated on terms no less favorable to the Lenders, and the original obligors in respect of such Indebtedness remain the only obligors thereon;

(b) Indebtedness created or existing hereunder;

(c) intercompany Indebtedness or preferred stock to the extent owing to or held by the Borrower or another Subsidiary;

(d) Indebtedness of any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; *provided* that (i) such Indebtedness is incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this Section 6.01(d), when combined with the aggregate principal amount of all Capital Lease Obligations incurred pursuant to Section 6.01(e) and then outstanding and all Indebtedness incurred pursuant to Section 6.01(f) and then outstanding, shall not exceed at the time of incurrence the greater of (x) \$170,000,000 and (y) 5% of Consolidated Total Assets;

(e) Capital Lease Obligations in an aggregate principal amount, when combined with the aggregate principal amount of all Indebtedness incurred pursuant to Section 6.01(d) and then outstanding and Section 6.01(f) and then outstanding, not to exceed at the time of incurrence the greater of (x) \$170,000,000 and (y) 5% of Consolidated Total Assets;

(f) Indebtedness of any person that becomes a Subsidiary after the date hereof; *provided* that (i) such Indebtedness exists at the time such person becomes a Subsidiary and is not created in contemplation of or in connection with such person becoming a Subsidiary, (ii) immediately before and after such person becomes a Subsidiary, no Event of Default or Default shall have occurred and be continuing and (iii) the aggregate principal amount of Indebtedness permitted by this clause (f), when combined with the aggregate principal amount of all Indebtedness incurred pursuant to Section 6.01(d) and then outstanding and all Capital Lease Obligations incurred pursuant to Section 6.01(e) and then outstanding, shall not exceed at the time of incurrence the greater of (x) \$170,000,000 and (y) 5% of Consolidated Total Assets;

(g) Indebtedness under performance bonds or with respect to workers' compensation claims, in each case incurred in the ordinary course of business; and

(h) additional Indebtedness (including attributable Indebtedness in respect of sale-leaseback transactions) or preferred stock of the Subsidiaries to the extent not otherwise permitted by the foregoing clauses of this Section 6.01 in an aggregate principal amount (or, in the case of preferred stock, with an aggregate liquidation preference), when combined (without duplication) with the amount of obligations of the Borrower and its Subsidiaries secured by Liens pursuant to Section 6.02(j) and then outstanding, not to exceed at the time of incurrence the greater of (x) \$170,000,000 and (y) 5% of Consolidated Total Assets.

SECTION 6.02. *Liens.* Create, incur, assume or permit to exist any Lien on any property or assets (including Equity Interests or other securities of any person, including any Subsidiary) now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except:

(a) Liens on property or assets of the Borrower and its Subsidiaries existing on the date hereof and encumbering property or assets with a fair market value, and securing obligations having an aggregate principal amount, in each case less than \$25,000,000 in the aggregate; *provided* that (x) such Liens shall secure only those obligations which they secure on the date hereof and extensions, renewals and replacements thereof permitted hereunder and (y) such Liens shall not apply to any other property or assets of the Borrower or any of the Subsidiaries;

(b) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any person that becomes a Subsidiary after the date hereof prior to the time such person becomes a Subsidiary; *provided* that (i) such Lien is not created in contemplation of or in connection with such acquisition or such person becoming a Subsidiary, as the case may be, (ii) such Lien does not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or

the date such person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof permitted hereunder;

(c) Liens for taxes not yet due or which are being contested in compliance with Section 5.03;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business and securing obligations that are not overdue by more than 90 days or which are being contested in compliance with Section 5.03;

(e) pledges and deposits made in the ordinary course of business in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations;

(f) deposits to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capital Lease Obligations), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(g) zoning restrictions, easements, rights-of-way, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(h) purchase money security interests in real property, improvements thereto or equipment hereafter acquired (or, in the case of improvements, constructed) by the Borrower or any Subsidiary; *provided* that (i) such security interests secure Indebtedness not prohibited by Section 6.01, (ii) such security interests are incurred, and the Indebtedness secured thereby is created, within 180 days after such acquisition (or construction) and (iii) such security interests do not apply to any other property or assets of the Borrower or any Subsidiary;

(i) Liens in respect of judgments that do not constitute an Event of Default; and

(j) Liens not otherwise permitted by the foregoing clauses of this Section 6.02 securing obligations otherwise permitted by this Agreement in an aggregate principal and face amount, when combined (without duplication) with the amount of Indebtedness or preferred stock of Subsidiaries incurred pursuant to Section 6.01(h) and then outstanding, not to exceed at the time of incurrence the greater of (x) \$170,000,000 and (y) 5% of Consolidated Total Assets.

SECTION 6.03. *Sale and Lease-Back Transactions.* Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred unless

(a) the sale of such property is permitted by Section 6.04 and (b) any Capital Lease Obligations or Liens arising in connection therewith are permitted by Sections 6.01 and 6.02, respectively.

SECTION 6.04. *Mergers, Consolidations and Sales of Assets.* Merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all the assets (whether now owned or hereafter acquired) of the Borrower, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default or Default shall have occurred and be continuing, (a) any person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (b) any person, other than the Borrower, may merge into or consolidate with any Subsidiary in a transaction in which the surviving entity is a Subsidiary and (c) any Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders.

SECTION 6.05. *Restricted Payments.* Declare or make, or agree to declare or make, directly or indirectly, any Restricted Payment (including pursuant to any Synthetic Purchase Agreement), or incur any obligation (contingent or otherwise) to do so if, at the time thereof and immediately after giving effect thereto, (a) any Default or Event of Default shall have occurred and be continuing or (b) the Leverage Ratio on the date of such Restricted Payment would be greater than 2.0 to 1.0; *provided, however,* that (i) any Subsidiary may declare and pay dividends or make other distributions ratably to holders of Equity Interests in it, (ii) the Borrower may declare and pay dividends or make other distributions of its Equity Interests and (iii) so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, the Borrower and the Subsidiaries may declare and make, directly or indirectly, additional Restricted Payments to the extent not otherwise permitted by the foregoing clauses of this Section 6.05 in an aggregate amount not to exceed \$100,000,000.

SECTION 6.06. *Business of Borrower and Subsidiaries.* Engage to any material extent in any business or business activity other than businesses of the type currently conducted by the Borrower and the Subsidiaries and business activities reasonably related thereto.

SECTION 6.07. *Interest Coverage Ratio.* Permit the Interest Coverage Ratio for any period of four consecutive fiscal quarters, in each case taken as one accounting period, to be less than 5.0 to 1.0.

SECTION 6.08. *Maximum Leverage Ratio.* Permit the Leverage Ratio on the last day of any period of four consecutive fiscal quarters, in each case taken as one accounting period, to be greater than 2.5 to 1.0.

SECTION 6.09. *Hedging Agreements.* Enter into any Hedging Agreement other than non-speculative Hedging Agreements entered into to hedge or mitigate risks to which

the Borrower or a Subsidiary is exposed in the ordinary course of the conduct of its business or the management of its liabilities.

ARTICLE VII

Events of Default

In case of the happening of any of the following events ("*Events of Default*"):

(a) any representation or warranty made or deemed made in or in connection with this Agreement or the Borrowings or issuances of Letters of Credit hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to this Agreement, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan or the reimbursement with respect to any L/C Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or any Fee or L/C Disbursement or any other amount (other than an amount referred to in (b) above) due under this Agreement, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) default shall be made in the due observance or performance by the Borrower or any Subsidiary of any covenant, condition or agreement contained in Section 5.01(a) (with respect to the Borrower), 5.05(a) or 5.07 or in Article VI;

(e) default shall be made in the due observance or performance by the Borrower or any Subsidiary of any covenant, condition or agreement contained in this Agreement (other than those specified in (b), (c) or (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) (i) the Borrower or any Material Subsidiary shall fail to pay any principal or interest, regardless of amount, due in respect of any Material Indebtedness, when and as the same shall become due and payable (after giving effect to any applicable grace period), or (ii) any other event or condition occurs (after giving effect to any applicable grace period) that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; *provided* that this clause (ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Borrower or any Material Subsidiary, or of a substantial part of the property or assets of the Borrower or a Material Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of the property or assets of the Borrower or a Material Subsidiary or (iii) the winding-up or liquidation of the Borrower or any Material Subsidiary; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of the property or assets of the Borrower or any Material Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) one or more judgments for the payment of money in an amount in excess of \$50,000,000 individually or \$75,000,000 in the aggregate shall be rendered against the Borrower, any Material Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Borrower or any Material Subsidiary to enforce any such judgment; *provided, however*, that any such judgment shall not be an Event of Default under this paragraph (i) if and for so long as (i) the entire amount of such judgment in excess of \$50,000,000 individually or \$75,000,000 in the aggregate is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (ii) such insurer, which shall be rated at least "A" by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of the amount of such judgment;

(j) one or more ERISA Events shall have occurred that results in liability of the Borrower and its ERISA Affiliates exceeding \$50,000,000 individually or \$75,000,000 in the aggregate; or

(k) there shall have occurred a Change in Control;

then, and in every such event (other than an event with respect to the Borrower described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event,

the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained hereinto the contrary notwithstanding; and in any event with respect to the Borrower described in paragraph (g) or (h) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein to the contrary notwithstanding.

ARTICLE VIII

The Administrative Agent

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Administrative Agent its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of this Agreement, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in this Agreement. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by this Agreement that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of the Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other

number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08) or in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall not be deemed to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper person. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (such consent not to be unreasonably withheld or delayed), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank, that is acceptable to the Borrower (which shall not unreasonably withhold its approval). Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its

duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article VIII and Section 9.05 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while acting as Administrative Agent.

Each Lender acknowledges 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 credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Anything herein to the contrary notwithstanding, none of the Lead Arranger or Bookrunner listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any other loan document, except in its capacity, as applicable, as the Administrative Agent or a Lender.

ARTICLE IX

Miscellaneous

SECTION 9.01. *Notices.* Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower, to it at 358 South Main Street, Burlington, NC 27215, Attention of William B. Hayes (Telecopy No. (336) 227-9410);

(b) if to the Administrative Agent, to Credit Suisse, Eleven Madison Avenue, New York, NY 10010, Attention of Agency Group Manager (Telecopy No. (212) 325- 8304); and

(c) if to a Lender, to it at its address (or telecopy number) set forth on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. *Survival of Agreement.* All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Lenders and the Issuing Bank and shall survive the making

by the Lenders of the Loans and the issuance of Letters of Credit by the Issuing Bank, regardless of any investigation made by the Lenders or the Issuing Bank or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not been terminated. The provisions of Sections 2.14, 2.16, 2.20 and 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of the Commitments, the expiration of any Letter of Credit, the invalidity or unenforceability of any term or provision of this Agreement, or any investigation made by or on behalf of the Administrative Agent, any Lender or the Issuing Bank.

SECTION 9.03. *Binding Effect.* This Agreement shall become effective when it shall have been executed by the Borrower and the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto.

SECTION 9.04. *Successors and Assigns.* (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower, the Administrative Agent, the Issuing Bank or the Lenders that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent of the Administrative Agent (and, in the case of any assignment of a Revolving Credit Commitment, the Issuing Bank) (which consent shall not be unreasonably withheld or delayed); *provided, however*, that (i) except in the case of an assignment from (A) a Revolving Credit Lender to a Revolving Credit Lender or an Affiliate of a Revolving Credit Lender or (B) a Term Lender to a Lender or an Affiliate of a Lender, (x) the Borrower must give its prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed); *provided, however*, that the consent of the Borrower shall not be required to any such assignment during the continuance of any Event of Default described in paragraph (g) or (h) of Article VII, and (y) the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than (A) in the case of Revolving Credit Commitments, \$5,000,000 and (B) in the case of Term Loan Commitments and Term Loans, \$1,000,000 (or, in each case, if less, the entire remaining amount of such Lender's applicable Commitment or Loans), (ii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Lender's rights and obligations under this Agreement in respect of the Class of Loans or Commitments so assigned, (iii) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance via an electronic settlement system acceptable to the Administrative Agent

(or, if previously agreed with the Administrative Agent, manually), and shall pay to the Administrative Agent a processing and recordation fee of \$3,500 (which fee may be waived or reduced in the sole discretion of the Administrative Agent) and (iv) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and applicable tax forms. Upon acceptance and recording pursuant to paragraph (e) of this Section 9.04, from and after the effective date specified in each Assignment and Acceptance, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.16, 2.20 and 9.05, as well as to any Fees accrued for its account and not yet paid). Notwithstanding the foregoing, any Lender assigning its rights and obligations under this Agreement may retain any Competitive Loans made by it outstanding at such time, and in such case shall retain its rights hereunder in respect of any such Loans so retained until such Loans have been repaid in full in accordance with this Agreement.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Term Loan Commitment and Revolving Credit Commitment, and the outstanding balances of its Term Loans, Revolving Loans and Competitive Loans, in each case without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto, or the financial condition of the Borrower or any Subsidiary or the performance or observance by the Borrower or any Subsidiary of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is an Eligible Assignee and is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in Section 3.05 or delivered pursuant to Section 5.04 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are

reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “*Register*”). The entries in the Register shall be conclusive and the Borrower, the Administrative Agent, the Issuing Bank and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above and, if required, the written consent of the Borrower, the Issuing Bank and the Administrative Agent to such assignment, the Administrative Agent shall (i) accept such Assignment and Acceptance and (ii) record the information contained therein in the Register. No assignment shall be effective unless it has been recorded in the Register as provided in this paragraph (e).

(f) Each Lender may without the consent of the Borrower, the Issuing Bank or the Administrative Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided, however*, that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.14, 2.16 and 2.20 to the same extent as if they were Lenders (but, with respect to any particular participant and the amount of its participation, to no greater extent than the Lender that sold the participation to such participant) and (iv) the Borrower, the Administrative Agent, the Issuing Bank and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to the Loans or L/C Disbursements and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable hereunder or the amount of principal of or the rate at which interest is payable on the Loans, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans or increasing or extending the Commitments).

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.04, disclose

to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; *provided* that, prior to any such disclosure of information designated by the Borrower as confidential, each such assignee or participant or proposed assignee or participant shall execute an agreement whereby such assignee, assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information on terms no less restrictive than those applicable to the Lenders pursuant to Section 9.16.

(h) Any Lender may at any time assign all or any portion of its rights under this Agreement to secure extensions of credit to such Lender or in support of obligations owed by such Lender; *provided* that no such assignment shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(i) Notwithstanding anything to the contrary contained herein, any Lender (a "*Granting Lender*") may grant to a special purpose funding vehicle (an "*SPC*"), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any SPC to make any Loan and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States of America or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 9.04, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC.

(j) The Borrower shall not assign or delegate any of its rights or duties hereunder without the prior written consent of the Administrative Agent, the Issuing Bank and each Lender, and any attempted assignment without such consent shall be null and void.

(k) In the event that S&P, Moody's or Thompson's BankWatch (or InsuranceWatch Ratings Service, in the case of Lenders that are insurance companies (or Best's Insurance

Reports, if such insurance company is not rated by Insurance Watch Ratings Service)) shall, after the date that any Lender becomes a Revolving Credit Lender, downgrade the long-term certificate of deposit ratings of such Lender, and the resulting ratings shall be below BBB-, Baa3 and C (or BB, in the case of a Lender that is an insurance company (or B, in the case of an insurance company not rated by InsuranceWatch Ratings Service)) (or, with respect to any Revolving Credit Lender that is not rated by any such ratings service or provider, the Issuing Bank shall have reasonably determined that there has occurred a material adverse change in the financial condition of any such Lender, or a material impairment of the ability of any such Lender to perform its obligations hereunder, as compared to such condition or ability as of the date that any such Lender became a Revolving Credit Lender), then the Issuing Bank shall have the right, but not the obligation, at its own expense, upon notice to such Lender and the Administrative Agent, to replace (or to request the Borrower to use its reasonable efforts to replace) such Lender with an Eligible Assignee (in accordance with and subject to the restrictions contained in paragraph (b) above), and such Lender hereby agrees to transfer and assign without recourse (in accordance with and subject to the restrictions contained in paragraph (b) above) all its interests, rights and obligations in respect of its Revolving Credit Commitment to such Eligible Assignee; *provided, however*, that (i) no such assignment shall conflict with any law, rule and regulation or order of any Governmental Authority and (ii) the Issuing Bank or such Eligible Assignee, as the case may be, shall pay to such Lender in immediately available funds on the date of such assignment the principal of and interest accrued to the date of payment on the Loans made by such Lender hereunder and all other amounts accrued for such Lender's account or owed to it hereunder. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any Assignment and Acceptance necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this paragraph (k).

SECTION 9.05. *Expenses; Indemnity.* (a) The Borrower agrees to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent and the Issuing Bank in connection with the syndication of the credit facilities provided for herein and the preparation and administration of this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof (whether or not the transactions hereby or thereby contemplated shall be consummated) or incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement or in connection with the Loans made or Letters of Credit issued hereunder, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore LLP, counsel for the Administrative Agent, and, in connection with any such enforcement or protection, the reasonable fees, charges and disbursements of any other counsel for the Administrative Agent or any Lender.

(b) The Borrower agrees to indemnify the Administrative Agent, each Lender, the Issuing Bank and each Related Party of any of the foregoing persons (each such person being called an "*Indemnitee*") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, penalties and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee (other than Taxes, Other Taxes or amounts that would be Other Taxes if imposed by the

United States of America or any political subdivision thereof) arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated thereby, (ii) the use of the proceeds of the Loans or issuance of Letters of Credit, or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, penalties or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment (a "*Final Judgment*") to have resulted from the gross negligence or wilful misconduct of such Indemnitee or (y) arise from any legal proceedings commenced against any Lender by any other Lender (other than legal proceedings against the Administrative Agent or the Issuing Bank in its capacity as such) or in which a Final Judgment is rendered in the Borrower's favor against such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or the Issuing Bank under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or the Issuing Bank, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability, penalty or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Issuing Bank in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the Aggregate Revolving Credit Exposure, outstanding Term Loans and unused Commitments at the time.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section 9.05 shall be payable not later than 15 days after written demand therefor.

SECTION 9.06. *Right of Setoff.* If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, except to the extent prohibited by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturing. The rights of each Lender under this Section 9.06 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.07. *Applicable Law.* THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. EACH LETTER OF CREDIT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OR RULES DESIGNATED IN SUCH LETTER OF CREDIT, OR IF NO SUCH LAWS OR RULES ARE DESIGNATED, THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS MOST RECENTLY PUBLISHED AND IN EFFECT, ON THE DATE SUCH LETTER OF CREDIT WAS ISSUED, BY THE INTERNATIONAL CHAMBER OF COMMERCE (THE "UNIFORM CUSTOMS") AND, AS TO MATTERS NOT GOVERNED BY THE UNIFORM CUSTOMS, THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.08. *Waivers; Amendment.* (a) No failure or delay of the Administrative Agent, any Lender or the Issuing Bank in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders; *provided, however*, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest on any Loan or any date for reimbursement of an L/C Disbursement, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan or L/C Disbursement, without the prior written consent of each Lender affected thereby, (ii) increase or extend the Commitment or decrease or extend the date for payment of any Fees of any Lender without the prior written consent of such Lender, (iii) amend or modify the pro rata requirements of Section 2.17, the provisions of Section 9.04(j), the provisions of this Section 9.08 or the definition of the term "Required Lenders", without the prior written consent of each Lender (iv) change the provisions of this Agreement in a manner that by its terms treats Lenders holding Loans of one Class differently and adversely from Lenders holding Loans of any other Class with respect to payments due without the prior written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each adversely affected Class or (v) modify the protections afforded to an SPC pursuant to the provisions of Section 9.04(i) without the written consent of such SPC; *provided further* that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Issuing Bank hereunder without the prior written consent of the Administrative Agent or the Issuing Bank.

SECTION 9.09. *Interest Rate Limitation.* Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan or participation in any L/C Disbursement, together with all fees, charges and other amounts which are treated as interest on such Loan or participation in such L/C Disbursement under applicable law (collectively the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan or participation in accordance with applicable law, the rate of interest payable in respect of such Loan or participation hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan or participation but were not payable as a result of the operation of this Section 9.09 shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or participations or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.10. *Entire Agreement.* This Agreement and the Fee Letter constitute the entire contract between the parties relative to the subject matter hereof. Any other previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereunder (including any Affiliate of the Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 9.11. *WAIVER OF JURY TRIAL.* EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

SECTION 9.12. *Severability.* In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid

provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.13. *Counterparts.* This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 9.03. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

SECTION 9.14. *Headings.* Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.15. *Jurisdiction; Consent to Service of Process.* (a) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

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

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.16. *Confidentiality.* Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' officers, directors, employees and agents, including accountants, legal counsel and other advisors who need to know such Information in connection with its role as Administrative Agent, Issuing Bank or Lender (as the case may be) hereunder (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), (b) to the extent requested by any regulatory authority or quasi-regulatory authority (such as the National Association of Insurance Commissioners) (*provided* that, to the extent permitted by applicable law and practicable under the circumstances, such person will first inform the Borrower of any such request), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (*provided* that, to the extent permitted by applicable law, such person will promptly notify the Borrower of such requirement as far in advance of its disclosure as is practicable to enable the Borrower to seek a protective order and, to the extent practicable, such person will cooperate with the Borrower in seeking any such order), (d) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to the enforcement of its rights hereunder, (e) subject to an agreement containing provisions substantially the same as those of this Section 9.16, to (i) any actual or prospective assignee of or participant in any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any credit default swap or similar credit derivative transaction relating to the obligations of the Borrower under this Agreement, (f) with the consent of the Borrower or (g) to the extent such Information becomes publicly available other than as a result of a breach of this Section 9.16. For the purposes of this Section, “*Information*” shall mean all information received from the Borrower and related to the Borrower or its business, other than any such information that was available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis prior to its disclosure by the Borrower. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees that, except as expressly provided in this Section 9.16, it will use Information only in connection with its role as Administrative Agent, Issuing Bank or Lender (as the case may be) hereunder.

SECTION 9.17. *Termination of Existing Credit Agreement.* The Borrower and each of the Lenders that is also a Lender (as defined in the Existing Credit Agreement) party to the Existing Credit Agreement agree that the Commitments (as defined in such Existing Credit Agreement) shall be terminated in their entirety on the Closing Date in accordance with the terms thereof, subject only to this Section 9.17. Each of such Lenders waives (a) any requirement of notice of such termination pursuant to the Existing Credit Agreement and (b) any claim to any facility fees under the Existing Credit Agreement for any day on or after the Closing Date. The Borrower (i) represents and warrants that (x) after giving effect to the preceding sentences of this Section 9.17, the commitments under the Existing Credit Agreement will be terminated effective not later than the Closing Date and (y) no loans will be, as of the Closing Date, outstanding under the Existing Credit Agreement and (ii) covenants that all accrued and unpaid facility fees and other amounts due and payable under the Existing Credit Agreement shall have been paid on or prior to the Closing Date.

SECTION 9.18. *USA PATRIOT Act Notice.* Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the USA PATRIOT Act.

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

LABORATORY CORPORATION OF
AMERICA HOLDINGS,

by: _____
Name:
Title:

CREDIT SUISSE, CAYMAN ISLANDS
BRANCH, individually and as
Administrative Agent and Lender,

by: _____
Name:
Title:

by: _____
Name:
Title:

SIGNATURE PAGE TO LABORATORY
CORPORATION OF AMERICA HOLDINGS
CREDIT AGREEMENT DATED AS OF THE DATE
AND YEAR FIRST WRITTEN ABOVE

NAME OF LENDER:

by _____
Name:
Title:

SIGNATURE PAGE TO LABORATORY
CORPORATION OF AMERICA HOLDINGS
CREDIT AGREEMENT DATED AS OF THE DATE
AND YEAR FIRST WRITTEN ABOVE

NAME OF LENDER:

by _____

Name:

Title:

by _____

Name:

Title:

SCHEDULE 1.01(A) - EXISTING LETTERS OF CREDIT

**Laboratory Corporation of America Holdings
Outstanding Balance of Standby Letters of Credit**

US Dollar-Denominated Letters of Credit

Issuing Bank	Balance as of January 13, 2005	Letter of Credit Number	Expiration Date¹
Credit Suisse	\$ 900,000.00	TS-07001592	November 1, 2008
Credit Suisse	\$ 51,796,413.00	TS-07001661	March 1, 2008
Credit Suisse	\$ 114,000.00	TS-10029887	October 31, 2008
Credit Suisse	\$ 40,000.00	TS-07002047	December 31, 2007
Credit Suisse	\$ 6,883,805.69	TS-07002058	January 18, 2008
Credit Suisse	\$ 11,740.00	TS-07002115	July 15, 2008
Credit Suisse	\$ 6,000.00	TS-07003673	August 16, 2008
Credit Suisse	\$ 50,000,000.00	TS-07003710	April 30, 2008
Total:	\$ 109,751,958.69		

Canadian Dollar-Denominated Letters of Credit

Issuing Bank	Balance as of January 13, 2005	Letter of Credit Number	Expiration Date
Credit Suisse	C\$ 703,335.00	TS-07002150	November 1, 2008
Total:	C\$ 703,335.00		

¹ Upon its specified expiry date, each Letter of Credit (whether US dollar denominated or Canadian dollar denominated) will be renewed automatically unless cancelled by the borrower.

SCHEDULE 2.01 – LENDERS AND COMMITMENTS

Lender	Revolving Credit Commitment	Term Loan Commitment
Bank Name and Address: Credit Suisse, Cayman Islands Branch 11 Madison Avenue New York, NY 10010 Credit Contact: David Dodd Telephone:(212) 325-5541 Fax:(212) 325-8321 Email:david.dodd@credit-suisse.com	\$30,000,000.00	\$32,000,000.00
Bank Name and Address: Lehman Commercial Paper Inc. 745 Seventh Avenue, 5th Floor New York, NY 10019 Credit Contact: Janine Shugan Telephone:(212) 526-8625 Fax:(917) 522-0139 Email: jshugan@lehman	\$28,000,000.00	\$30,000,000.00
Bank Name and Address: UBS Loan Finance LLC 677 Washington Boulevard Stamford, CT 06901 Credit Contact: Heidi Benalcazar Telephone:(203) 719-3158 Fax:(203) 719-3888 Email:heidi.benalcazar@ubs.com	\$28,000,000.00	\$30,000,000.00
Bank Name and Address: Wachovia Bank, National Association 301 South Tryon Street Charlotte, NC 28288 Credit Contact: Scott Santa Cruz Telephone:(704) 383-1988 Fax:(383-7611 Email: scott.santacruz@wachovia.com	\$28,000,000.00	\$30,000,000.00
Bank Name and Address: Bank of America, N.A. 100 North Tryon Street Charlotte, NC 28202 Credit Contact: Zubin Shroff Telephone:(704) 387-1340 Fax:(704) 388-6002 Email: Zubin.R.Shroff@BankofAmerica.com	\$28,000,000.00	\$30,000,000.00
Bank Name and Address: SunTrust Bank 201 4 th Avenue North Nashville, TN 37219 Credit Contact: Bill Priester Telephone:(615) 748-5969 Fax:(615) 748-5269 Email:bill.priester@suntrust.com	\$28,000,000.00	\$30,000,000.00
Bank Name and Address: Bank of Tokyo-Mitsubishi UFJ, Ltd., NY Branch 1251 Avenue of the Americas New York, NY 10020-1104 Credit Contact: Jose Carlos Telephone:(212) 782-4223 Fax:(212) 782-6440 Email: jcarlos@us.mufg.jp	\$24,000,000.00	\$26,000,000.00
Bank Name and Address: Commerzbank AG, New York and Grand Cayman Branches 1230 Peachtree Street, Suite 3500 Atlanta, GA 30309 Credit Contact: Nivedita Persaud Telephone:(404) 888-6518 Fax:(404) 888-6539 Email: npersaud@cbkna.com	\$24,000,000.00	\$26,000,000.00
Bank Name and Address: U.S. Bank National Association 150 4 th Ave North, 3 rd Floor Nashville, TN 37219	\$24,000,000.00	\$26,000,000.00

Credit Contact: Thomas A. Heckman
Telephone:(615) 251-9214
Fax:(615) 251-0729
Email: thomas.heckman@usbank.com

Bank Name and Address: The Govenor and Company of the Bank of Ireland B2, Head Office Lower Baggot Street Dublin 2, Ireland	\$20,500,000.00	\$20,500,000.00
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Credit Contact: Elaine Crowley
Telephone:+ 353 1 604 4712
Fax:+ 353 1 604 4798
Email: elaine.crowley@boimail.com

Bank Name and Address: Citibank, NA 388 Greenwich Street, 21st Floor New York, NY 10013	\$20,500,000.00	\$20,500,000.00
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Credit Contact: Allen Fisher
Telephone:(212) 816-5254
Fax:(646) 291-1623
Email: allen.fisher@citi.com

Bank Name and Address: Fifth Third Bank 5050 Kingsley Drive Mail Drop: 1MOC2B Cincinnati, OH 45263	\$20,500,000.00	\$20,500,000.00
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Credit Contact: Tania Baker
Telephone:(513) 358-1060
Fax:(513) 358-3439
Email: Tania.Baker@53.com

Bank Name and Address: KeyBank Association N.A. 127 Public Square Cleveland, OH 44114	\$20,500,000.00	\$20,500,000.00
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Credit Contact: Sukanya Raj
Telephone:(216) 689-7669
Fax:(216) 689-8329
Email: sukanya_raj@keybank.com

Bank Name and Address: Union Bank of California, N.A. 445 South Figueroa Street, 16th Floor Los Angeles, CA 90071	\$20,500,000.00	\$20,500,000.00
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Credit Contact: Michael Tschida
Telephone:(213) 236-5273
Fax:(213) 236-7636
Email: michael.tschida@uboc.com

Bank Name and Address: United Overseas Bank Limited, New York Agency 592 Fifth Avenue, 10th Floor New York, NY 10036	\$20,500,000.00	\$20,500,000.00
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Credit Contact: Daniel Chang
Telephone:(212) 382-0088 Ext. 20
Fax:(212) 382-1881
Email: Daniel.ChangKC@uobgroup.com

Bank Name and Address: Bank of China, New York Branch 410 Madison Avenue New York, NY 10017	\$17,000,000.00	\$17,000,000.00
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Credit Contact: David Hoang
Telephone:(212) 9353101 Ext. 229
Fax:(212) 308-4993
Email: dhoang@bocusa.com

Bank Name and Address: Branch Banking and Trust Company 201 West Market Street Greensboro, NC 27401	\$14,500,000.00	\$14,500,000.00
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Credit Contact: Kenton H. Stamey
Telephone:(336) 433-4067
Fax:(336) 433-4099
Email: KSTAMEY@bbandt.com

Bank Name and Address: Chang Hwa Commercial Bank 685 Third Avenue, 29th Floor New York, NY 10017	\$11,500,000.00	\$11,500,000.00
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Credit Contact: Nelson Chou
Telephone:(212) 651-9770
Fax:(212) 651-9785
Email: Nelson.Chou@chbnyc.com

Bank Name and Address:	\$11,500,000.00	\$11,500,000.00
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Comerica Bank
U.S. Banking/East
500 Woodward Avenue, 9th Floor, MC 3279
Detroit, MI 48275-3279
Credit Contact: Richard Hampson
Telephone:(313) 222-3463
Fax:(313) 222-3330
Email: rchampson@comerica.com

Bank Name and Address:	\$11,500,000.00	\$11,500,000.00
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William Street Commitment Corporation
1 New York Plaza, 48th Floor
New York, NY 10004

Credit Contact: Pedro Ramirez
Telephone:(917) 343-8319
Fax:(212) 428-1243
Email: Pedro.Ramirez@gs.com

Bank Name and Address:	\$11,500,000.00	\$11,500,000.00
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Mizuho Corporate Bank, Ltd.
1251 Avenue of the Americas
New York, NY 10020

Credit Contact: Vadim Mulodzhanov
Telephone:(212) 282-3559
Fax:(212) 282-4488
Email:vadim.mulodzhanov@mizuhocbus.com

Bank Name and Address:	\$18,000,000	\$0.00
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First Horizon Corporate Financial Services
301 North Main Street, Suite 2010
Winston-Salem, NC 27101

Credit Contact: Stewart Holmes
Telephone:(336) 725-3147
Fax:(336) 703-9784
Email: sdholmes@ftb.com

Bank Name and Address:	\$9,500,000.00	\$9,500,000.00
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Bank of Taiwan
100 Wall Street, 11th Floor
New York, NY 10005

Credit Contact: Joanna Yu
Telephone:(212) 968-8128 Ext. 31
Fax:(212) 968-8370
Email: botnyloan@botnya.com

Bank Name and Address:	\$7,000,000.00	\$7,000,000.00
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First Commercial Bank, New York Agency
750 Third Avenue, 34th Floor
New York, NY 10017

Credit Contact: Jerry Fu
Telephone:(212) 880-9382
Fax:(212) 599-6133
Email: fcbloan@aol.com

Bank Name and Address:	\$7,000,000.00	\$7,000,000.00
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Mega International Commercial Bank Co., Ltd. New York Branch
65 Liberty Street
New York, NY 10005

Credit Contact: Ifen Lee
Telephone:(212) 815-9107
Fax:(212) 766-5006
Email: ifenlee_megaicbc@att.net

Bank Name and Address:	\$7,000,000.00	\$7,000,000.00
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E.Sun Commercial Bank, Ltd., Los Angeles Branch
17700 Castleon Street, Suite 500
City of Industry, CA 91748

Credit Contact: Edward Chen
Telephone:(626) 810-2400 Ext. 224
Fax:(626) 839-5531
Email: edward_1011@hotmail.com

Bank Name and Address:	\$4,500,000.00	\$4,500,000.00
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Bank of Communications Co., Ltd., New York Branch
55 Broadway, 31st Floor
New York, NY 10006

Credit Contact: Han Li
Telephone:(212) 376-8030
Fax:(212) 376-8089
Email: hanli@bocomny.com

Bank Name and Address:	\$4,500,000.00	\$4,500,000.00
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Taipei Fubon Commercial Bank Co., Ltd.
700 South Flower Street, Suite 3300
Los Angeles, CA 90017

Credit Contact: Melina Chang
Telephone:(213) 225-8882

Fax:(213) 236-9155
Email: melinachang@tpfbkka.com

Total Commitments:	\$500,000,000.00	\$500,000,000.00
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SCHEDULE 3.07 – SUBSIDIARIES*

Owned Directly by Laboratory Corporation of America Holdings

<u>Name</u>	<u>Jurisdiction of Organization</u>
Esoterix bvba	Belgium
Esoterix, Inc.	Delaware
Lab Delivery Service of New York City, Inc.	New York
Laboratory Corporation of America	Delaware
Viro-Med Laboratories, Inc.	Minnesota
National Genetics Institute	California
LabCorp Limited	United Kingdom
Path Lab Holdings, Inc.	Delaware
Center for Genetic Services, Inc.	Texas
Clipper Holdings, Inc.	Delaware
DIANON Systems, Inc.	Delaware
Clinical Laboratories, Inc.	Pennsylvania
New Molecular Diagnostics Ventures LLC	Delaware
Persys Technologies, Inc.	Virginia
U.S. Pathology Labs, Inc.	Delaware
Diagnostic Services, Inc.	Florida
Litholink Corporation	Delaware
New Imaging Diagnostics ¹	Delaware
Protedyne Corporation	Delaware
HHLA Lab-In-An-Envelope LLC	Delaware
Home Healthcare Laboratory of American LLC	Delaware
PA Labs, Inc.	Delaware
New Molecular Diagnostic Ventures, LLC ²	Delaware

Owned Directly by Laboratory Corporation of America

<u>Name</u>	<u>Jurisdiction of Organization</u>
Dynacare Laboratories, Inc.	Delaware

* All Subsidiaries are 100% owned by Laboratory Corporation of America Holdings or Subsidiaries of Laboratory Corporation of America Holdings, unless otherwise noted. Excludes legal entities with inactive business operations.

¹ Laboratory Corporation of America Holdings owns 50% of New Imaging Diagnostics.

² Laboratory Corporation of America Holdings owns 90% of New Molecular Diagnostic Ventures, LLC



Owned Directly by Path Lab Holdings, Inc.

Name

Path Lab, Inc. d/b/a LabCorp

Jurisdiction of Organization

New Hampshire

Owned Directly by Protedyne Corporation

Name

Protedyne Ltd.
Protedyne Europe

Jurisdiction of Organization

Delaware
Delaware

Owned Directly by Clipper Holdings, Inc.

Name

3065619 Nova Scotia Company

Jurisdiction of Organization

Nova Scotia

Owned Directly by 3065619 Nova Scotia Company

Name

Dynacare Company

Jurisdiction of Organization

Nova Scotia

Owned by Dynacare Company

Name

ExecMed Health Services Inc.
896988 Ontario Inc.
Dynacare Realty Inc.
Dynacare Laboratories Limited Partnership³
Dynacare G.P. Inc.
Dynacare Holdco LLC

Jurisdiction of Organization

Ontario
Ontario
Ontario
Ontario
Ontario
Delaware

Owned by Dynacare Realty Inc.

Name

Glen Ames LLP⁴

Jurisdiction of Organization

Ontario

³ Dynacare Company owns 99.9% of Dynacare Laboratories Limited Partnership. Dynacare GP Inc. owns the remaining 0.1% interest.

⁴ Dynacare Realty Inc. owns 50% of Glen Ames LLP.

Owned By Dynacare Laboratories Limited Partnership

<u>Name</u>	<u>Jurisdiction of Organization</u>
Dynacare-Gamma Medical Laboratories ⁵	Ontario
Dynacare Kasper Medical Laboratories ⁶	Alberta

Owned Directly by Dynacare-Gamma Medical Laboratories

<u>Name</u>	<u>Jurisdiction of Organization</u>
Dynacare Gamma Institutional Laboratory Services	Ontario
Ultra-Med Developments Inc.	Ontario
Gamma Dynacare Leasing Corp.	Ontario
Dynacare X-Ray Services Limited	Ontario
RD Belenger & Associates Ltd.	Ontario
2089729 Ontario Inc.	Ontario
3901858 Canada Inc.	Ontario
GDML LeaseCo Inc.	Ontario
LDS Diagnostic Laboratories, Inc.	Ontario

Owned Directly by Dynacare Kasper Medical Laboratories

<u>Name</u>	<u>Jurisdiction of Organization</u>
Dynacare Kasper Medical Sales Inc.	
Dynacare Kasper Medical Laboratories (Northern Alberta) Inc.	
Dynacare Kasper Medical Laboratories Inc.	

Owned by Dynacare Laboratories Inc.

<u>Name</u>	<u>Jurisdiction of Organization</u>
Dynacare Northwest Inc.	Washington
Clinical Laboratories Cheyenne	Wyoming
Dynacare Southwest Laboratories, Inc.	Delaware
HHD Genpar, Inc.	Texas
United/Dynacare LLC ⁷	Wisconsin
DL/UHS Inc. ⁸	Delaware

⁵ Laboratory Corporation of America Holdings owns a 72.99% interest in Dynacare-Gamma Medical Laboratories.

⁶ Dynacare Laboratories Limited Partnership owns a 43.37% interest, Dr. T.A. Kasper owns a 42.13% interest and Stirrat Laboratories owns the remaining 14.5% interest in Dynacare Kasper Medical Laboratories.

⁷ Dynacare Laboratories Inc. owns 50% of United/Dynacare LLC

⁸ Dynacare Laboratories Inc. owns 50% of DL/UHS Inc.

Owned by Esoterix, Inc.

<u>Name</u>	<u>Jurisdiction of Organization</u>
Esoterix BV	Delaware

Owned by U.S. Pathology Labs, Inc.

<u>Name</u>	<u>Jurisdiction of Organization</u>
Accupath Diagnostic Laboratories, Inc.	Delaware
US Labs Fountain Valley, Inc.	Delaware
US Labs, Inc.	Delaware

Owned by Dianon Systems, Inc.

<u>Name</u>	<u>Jurisdiction of Organization</u>
Decision Diagnostics L.L.C.	Delaware
Medical Account Services, Inc.	Delaware

Ownership Interests by Dynacare U.S. Subsidiaries

<u>Name</u>	<u>Jurisdiction of Organization</u>
HH/DL, LP ⁹	Texas
SW/DL LP ¹⁰	Delaware
UHS/DL L.P. ¹¹	Delaware

⁹ Dynacare Laboratories, Inc. owns a 49.5% interest, Dynacare Southwest Laboratories, Inc. owns a 49.5% interest and HHD Genpar, Inc. owns the remaining 1% interest in HH/DL, LP.

¹⁰ HH/DL, LP owns a 99% interest in SW/DL LP and HHD Genpar, Inc. owns the remaining 1% interest.

¹¹ Dynacare Laboratories Inc. owns 94.7% of UHS/DL L.P. and DL/UHS Inc. owns the remaining 0.4% interest.

[FORM OF]

ADMINISTRATIVE QUESTIONNAIRE

LABORATORY CORPORATION OF AMERICA HOLDINGS

Agent Information

Credit Suisse
Eleven Madison Avenue
New York, NY 10010

Agent Closing Contact

Fay Rollins
Tel: 212-325-9041
Fax: 212-743-1422
E-Mail: fay.rollins@credit-suisse.com

Agent Wire Instructions

Bank of New York
ABA 021000018
Account Name: CSFB Agency Cayman Account
Account Number: 8900492627

It is very important that **all** of the requested information be completed accurately and that this questionnaire be returned promptly. If your institution is sub-allocating its allocation, please fill out an administrative questionnaire for each legal entity.

Legal Name of Lender to appear in Documentation:

Signature Block Information:

\$Signing Credit Agreement Yes No

\$Coming in via Assignment Yes No

Type of Lender:

(Bank, Asset Manager, Broker/Dealer, CLO/CDO; Finance Company, Hedge Fund, Insurance, Mutual Fund, Pension Fund, Other Regulated Investment Fund, Special Purpose Vehicle, Other-please specify)

Lender Parent:

Lender Domestic Address

Lender Eurodollar Address

Contacts/Notification Methods: Borrowings, Paydowns, Interest, Fees, etc.

Primary Credit Contact

Secondary Credit Contact

Name: _____
Company: _____
Title: _____
Address: _____

Telephone: _____
Facsimile: _____
E-Mail Address: _____

Primary Operations Contact

Secondary Operations Contact

Name: _____
Company: _____
Title: _____
Address: _____

Lender's Domestic Wire Instructions

Bank Name: _____
ABA/Routing No.: _____
Account Name: _____
Account No.: _____
FFC Account Name: _____
FFC Account No.: _____
Attention: _____
Reference: _____

NON-U.S. LENDER INSTITUTIONS:

I. Corporations:

If your institution is incorporated outside of the United States for U.S. federal income tax purposes, and is the beneficial owner of the interest and other income it receives, you must complete one of the following three tax forms, as applicable to your institution: **a.) Form W-8BEN** (*Certificate of Foreign Status of Beneficial Owner*), **b.) Form W-8ECI** (*Income Effectively Connected to a U.S. Trade or Business*), or **c.) Form W-8EXP** (*Certificate of Foreign Government or Governmental Agency*).

A U.S. taxpayer identification number is required for any institution submitting Form W-8ECI. It is also required on Form W-8BEN for certain institutions claiming the benefits of a tax treaty with the U.S. Please refer to the instructions when completing the form applicable to your institution. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **An original tax form must be submitted.**

II. Flow-Through Entities:

If your institution is organized outside the U.S., and is classified for U.S. federal income tax purposes as either a Partnership, Trust, Qualified or Non-Qualified Intermediary, or other non-U.S. flow-through entity, an original **Form W-8IMY** (*Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding*) must be completed by the intermediary together with a withholding statement. Flow-through entities other than Qualified Intermediaries are required to include tax forms for each of the underlying beneficial owners.

Please refer to the instructions when completing this form. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **Original tax form(s) must be submitted.**

U.S. LENDER INSTITUTIONS:

If your institution is incorporated or organized within the United States, you must complete and return **Form W-9** (*Request for Taxpayer Identification Number and Certification*). **Please be advised that we request that you submit an original Form W-9.**

Pursuant to the language contained in the tax section of the Credit Agreement, the applicable tax form for your institution must be completed and returned prior to the first payment of income. Failure to provide the proper tax form when requested may subject your institution to U.S. tax withholding.

[FORM OF]

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of October 26, 2007 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among LABORATORY CORPORATION OF AMERICA HOLDINGS (the "**Borrower**"), the lenders from time to time party thereto (the "**Lenders**") and Credit Suisse, as administrative agent (in such capacity, the "**Administrative Agent**") for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

1. The Assignor hereby sells and assigns, without recourse, to the Assignee, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Effective Date set forth below (but not prior to the registration of the information contained herein in the Register pursuant to Section 9.04(e) of the Credit Agreement), the interests set forth below (the "**Assigned Interest**") in the Assignor's rights and obligations under the Credit Agreement, including, without limitation, the amounts and percentages set forth below of (i) the Commitments of the Assignor on the Effective Date, (ii) the Loans owing to the Assignor which are outstanding on the Effective Date and (iii) participations in Letters of Credit which are outstanding on the Effective Date. Each of the Assignor and the Assignee hereby makes and agrees to be bound by all the representations, warranties and agreements set forth in Section 9.04(c) of the Credit Agreement, a copy of which has been received by each such party. From and after the Effective Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the interests assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

2. This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is organized under the laws of a jurisdiction outside the United States, any forms referred to in Section 2.19(e) of the Credit Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the Credit Agreement, a completed Administrative Questionnaire and (iii) if this Assignment and Acceptance is being manually executed and delivered, a processing and recordation fee of \$3,500.

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

Date of Assignment:

Legal Name of Assignor (“**Assignor**”):

Legal Name of Assignee (“**Assignee**”):

Effective Date of Assignment (“**Effective Date**”):

Facility/Commitment	Principal Amount Assigned ¹ and Identifying information as to individual Competitive Loans	Percentage Assigned of Commitment ¹ (set forth, to at least 8 decimals, as a percentage of the Facility and the aggregate Commitments of all Lenders thereunder)
[Revolving Credit]	\$	%
[Competitive Loans]	\$	%
[Term Loans]	\$	%

[Remainder of page intentionally left blank]

¹ Amount of Commitments and/or Loans assigned is governed by Section 9.04(b)(i) of the Credit Agreement.

The terms set forth above are hereby agreed to:

_____, as Assignor

by: _____

Name:

Title:

_____, as Assignee

by: _____

Name:

Title:

[Issuing Bank]

by: _____

Name:

Title:

Accepted²:

CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as Administrative Agent

by: _____

Name:

Title:

by: _____

Name:

Title:

LABORATORY CORPORATION OF AMERICA HOLDINGS

by: _____

Name:

Title:

² To the extent required under the Credit Agreement.

[FORM OF]

BORROWING REQUEST

Credit Suisse, as Administrative Agent
Eleven Madison Avenue
New York, New York 10010

ATTN: Agency Group

[DATE]¹

Ladies and Gentlemen:

The undersigned, LABORATORY CORPORATION OF AMERICA HOLDINGS, a Delaware corporation (the "**Borrower**"), refers to the Credit Agreement dated as of October 26, 2007 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrower, the lenders from time to time party thereto (the "**Lenders**") and Credit Suisse, as administrative agent (in such capacity, the "**Administrative Agent**") for the Lenders. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Borrower hereby gives you notice pursuant to Section 2.04 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Borrowing is requested to be made:

- (A) Type of Borrowing:² _____
- (B) Date of Borrowing:³ _____
- (C) Account Number and Location: _____
- (D) Principal Amount of Borrowing: _____
- (E) Interest Period:⁴ _____

¹ Must be notified irrevocably by telephone (a) in the case of a Eurodollar Borrowing, not later than 12:00 noon (New York City time), three Business Days before a proposed Borrowing, and (b) in the case of an ABR Borrowing, not later than 12:00 noon (New York City time), one Business Day before a proposed Borrowing, in each case to be promptly confirmed by hand delivery or fax.

² Specify whether such Borrowing is to be a Eurodollar Borrowing or an ABR Borrowing.

³ Date of Borrowing must be a Business Day.

⁴ If such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto.

The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that, on the date of this Borrowing Request and on the date of the related Borrowing, the conditions to lending specified in Article IV of the Credit Agreement have been satisfied.

LABORATORY CORPORATION OF AMERICA HOLDINGS,

by

Name:
Title:

[FORM OF]

COMPETITIVE BID REQUEST

Credit Suisse, as Administrative Agent for
the Lenders referred to below,
Eleven Madison Avenue
New York, NY 10010

[Date]

Attention: []

Ladies and Gentlemen:

The undersigned, LABORATORY CORPORATION OF AMERICA HOLDINGS (the "**Borrower**"), refers to the Credit Agreement dated as of October 26, 2007 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrower, the lenders from time to time party thereto (the "**Lenders**") and Credit Suisse, as administrative agent (in such capacity, the "**Administrative Agent**") for the Lenders. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.03(a) of the Credit Agreement that it requests a Competitive Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Competitive Borrowing is requested to be made:

- (A) Date of Competitive Borrowing
(which is a Business Day) _____
- (B) Principal Amount of
Competitive Borrowing 1/ _____
- (C) Interest rate basis 2/ _____

1/ Not less than \$10,000,000 (and in integral multiples of \$1,000,000), but in any event not exceeding the Total Commitment then available.

2/ Eurodollar Competitive Loan or Fixed Rate Loan.



(D) Interest Period and the last day thereof 3/ _____

(E) Funds are requested to be disbursed to the Borrower's account with [] (Account No. _____).

The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that on the date of any related Borrowing, the conditions to lending specified in Sections 4.01(b) and 4.01(c) of the Credit Agreement shall have been satisfied.

Very truly yours,
LABORATORY CORPORATION OF
AMERICA HOLDINGS,

by: _____
Name:
Title:

3/ Which shall be subject to the definition of "Interest Period" and end not later than the Maturity Date.

[FORM OF]

NOTICE OF COMPETITIVE BID REQUEST

[Name of Lender]

[Address]

[Date]

Attention:

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of October 26, 2007 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among LABORATORY CORPORATION OF AMERICA HOLDINGS (the "Borrower"), the lenders from time to time party thereto (the "Lenders") and Credit Suisse, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower made a Competitive Bid Request on _____, 200____, pursuant to Section 2.03(a) of the Credit Agreement, and in that connection you are invited to submit a Competitive Bid by [Date]/[Time]. 1/ Your Competitive Bid must comply with Section 2.03(b) of the Credit Agreement and the terms set forth below on which the Competitive Bid Request was made:

- (A) Date of Competitive Borrowing _____
- (B) Principal amount of Competitive Borrowing _____
- (C) Interest rate basis _____
- (D) Interest Period and the last day thereof _____

1/ The Competitive Bid must be received by the Administrative Agent (i) in the case of Eurodollar Competitive Loans, not later than 9:30 a.m., New York City time, three Business Days before a proposed Competitive Borrowing, and (ii) in the case of Fixed Rate Loans, not later than 9:30 a.m., New York City time, on the Business Day of a proposed Competitive Borrowing.

Very truly yours,

CREDIT SUISSE, CAYMAN ISLANDS
BRANCH, as Administrative Agent,

by: _____

Name:

Title:

by: _____

Name:

Title:

[FORM OF]

COMPETITIVE BID

Credit Suisse, as Administrative Agent for
the Lenders referred to below,
Eleven Madison Avenue
New York, NY 10010

[Date]

Attention: []

Ladies and Gentlemen:

The undersigned, [Name of Lender], refers to the Credit Agreement dated as of October 26, 2007 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among LABORATORY CORPORATION OF AMERICA HOLDINGS (the "**Borrower**"), the lenders from time to time party thereto (the "**Lenders**") and Credit Suisse, as administrative agent (in such capacity, the "**Administrative Agent**") for the Lenders. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The undersigned hereby makes a Competitive Bid pursuant to Section 2.03(b) of the Credit Agreement, in response to the Competitive Bid Request made by the Borrower on _____, 200____, and in that connection sets forth below the terms on which such Competitive Bid is made:

- (A) Principal Amount 1/ _____
- (B) Competitive Bid Rate 2/ _____
- (C) Interest Period and last day thereof _____

1/ In dollars not less than \$5,000,000 or greater than the requested Competitive Borrowing and in integral multiples of \$1,000,000. Multiple bids will be accepted by the Administrative Agent.

2/ I.e., LIBO Rate + or - _____ %, in the case of Eurodollar Competitive Loans or _____ %, in the case of Fixed Rate Loans.



The undersigned hereby confirms that it is prepared, subject to the conditions set forth in the Credit Agreement, to extend credit to the Borrower upon acceptance by the Borrower of this bid in accordance with Section 2.03(d) of the Credit Agreement.

Very truly yours,

[Name of Lender]

by: _____

Name:

Title:

[FORM OF]

COMPETITIVE BID ACCEPT/REJECT LETTER

Credit Suisse, as Administrative Agent for
the Lenders referred to below,
Eleven Madison Avenue
New York, NY 10010

[Date]

Attention: []

Ladies and Gentlemen:

The undersigned, LABORATORY CORPORATION OF AMERICA HOLDINGS (the "**Borrower**"), refers to the Credit Agreement dated as of October 26, 2007 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrower, the lenders from time to time party thereto (the "**Lenders**") and Credit Suisse, as administrative agent (in such capacity, the "**Administrative Agent**") for the Lenders.

In accordance with Section 2.03(c) of the Credit Agreement, we have received a summary of bids in connection with our Competitive Bid Request dated _____ and in accordance with Section 2.03(d) of the Credit Agreement, we hereby accept the following bids for maturity on [date]:

Principal Amount	Fixed Rate/Margin	Lender
\$	[%]/[+/- %]	
\$		

We hereby reject the following bids:

Principal Amount	Fixed Rate/Margin	Lender
\$	[%]/[+/- %]	
\$		

The \$ _____ should be deposited in our account with [], account number [] on [date].



Very truly yours,

LABORATORY CORPORATION OF
AMERICA HOLDINGS,

by: _____

Name:

Title:

[FORM OF]

OPINION OF CHIEF LEGAL OFFICER

[LabCorp letterhead]

October 26, 2007

Credit Suisse, As Administrative Agent
and Issuing Bank
Eleven Madison Avenue
New York, NY 10010

The Lenders party to the Credit
Agreements referred to below (all of the
Addressees, collectively, the "*Creditors*")

Ladies and Gentlemen:

I am the Executive Vice President and Chief Legal Officer of Laboratory Corporation of America Holdings, a Delaware corporation (the "*Borrower*"), and am rendering this opinion in connection with the Credit Agreement dated as of October 26, 2007 (the "*Credit Agreement*"), among the Borrower, the financial institutions party thereto as lenders (the "*Lenders*") and Credit Suisse, as administrative agent (in such capacity, the "*Administrative Agent*"). This opinion is delivered pursuant to Section 4.02(b)(i) of the Credit Agreement. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

In connection with this opinion, I, or lawyers under my supervision, have examined an execution copy of the Credit Agreement. In addition, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such records, agreements, instruments and other documents, and have made such other investigations, as we have deemed necessary for the purpose of this opinion.

In my examination of the aforesaid documents, I have assumed, without independent investigation, the genuineness of all signatures, the due authorization, execution and delivery of the Credit Agreement by each party thereto other than the Borrower, the enforceability of the Credit Agreement against each party thereto, the legal capacity of all individuals who have executed the Credit Agreement, the authenticity of all documents submitted to me as originals, the conformity to the original documents of all documents submitted to me as certified, photostatic, reproduced or conformed copies of validly existing agreements or other documents and the authenticity of all such latter documents.

In expressing the opinions set forth herein, I have relied upon the factual matters contained in the representations and warranties of the Borrower to the extent they solely address matters of fact and upon certificates of public officials and officers of the Borrower.

Based upon the foregoing, and subject to the assumptions, qualifications, limitations and exceptions set forth herein, I am of the opinion that:

1. The Borrower and each Subsidiary (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and (c) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect.
 2. The execution, delivery and performance of the Credit Agreement by the Borrower and the Borrowings thereunder (a) have been duly authorized by all requisite corporate and, if required, shareholder action of the Borrower and (b) will not (i) violate (A) any provision of law, statute, rule or regulation of the United States of America or the General Corporation Law of the State of Delaware (the "GCL"), or of the certificate or articles of incorporation or other constitutive documents or by-laws of the Borrower or any Subsidiary, (B) any order of any Governmental Authority or (C) to the best of my knowledge, any provision of any indenture, agreement or other instrument to which the Borrower or any Subsidiary is a party or by which any of them or any of their property is bound, the effect of which could reasonably be expected to result in a Material Adverse Effect, (ii) to the best of my knowledge, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument, the effect of which could reasonably be expected to result in a Material Adverse Effect or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned by the Borrower or any Subsidiary.
 3. No action, consent or approval of, registration or filing with or any other action by any United States Federal, or to the extent required under the GCL, Delaware Governmental Authority is required for the due execution, delivery and performance by the Borrower of the Credit Agreement.
 4. To the best of my knowledge, there are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or threatened against or affecting the Borrower or any Subsidiary (i) that involve the Credit Agreement or (ii) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.
-

5. None of the Borrower or any of the Subsidiaries is an “investment company” or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940.

I am a member of the Bar of the State of New Jersey and do not express any opinion as to matters governed by any other laws other than the Federal laws of the United States of America and the GCL. This opinion is rendered only with respect to laws, and rules, regulations and orders thereunder, which are currently in effect.

* * * * *

This opinion is furnished by me solely for your benefit in connection with the Credit Agreement and the transactions contemplated thereby and may not be circulated to, or relied upon by, any other person, except that this letter may be circulated to any prospective Lender and may be relied upon by any person who, in the future, becomes a Lender.

Very truly yours,

/s/Bradford T. Smith
Bradford T. Smith
Executive Vice President and Chief Legal Officer

[FORM OF]

OPINION OF HOGAN & HARTSON L.L.P.

[Hogan & Hartson L.L.P. Letterhead]

October 26, 2007

To: The Lenders (as defined below)
c/o Credit Suisse, as Administrative Agent
Eleven Madison Avenue
New York, New York 10010

Credit Suisse, as Administrative Agent

Re: Laboratory Corporation of America Holdings

Ladies and Gentlemen:

This firm has acted as special counsel to Laboratory Corporation of America Holdings, a Delaware corporation (the "Company"), in connection with the Credit Agreement dated as of October 26, 2007 (the "Credit Agreement"), among the Company, the "Lenders" as therein defined which are party thereto on the date hereof (the "Lenders") and Credit Suisse, as Administrative Agent (the "Agent"). This opinion letter is furnished to you pursuant to the requirements set forth in Section 4.02(b)(ii) of the Credit Agreement in connection with the closing thereunder on the date hereof. Capitalized terms used herein which are defined in the Credit Agreement shall have the meanings set forth in the Credit Agreement, unless otherwise defined herein.

For purposes of this opinion letter, we have examined copies of the following documents (the "Documents"):

1. Executed copy of the Credit Agreement.
 2. The Certificate of Incorporation of the Company with amendments thereto, as certified by the Secretary of State of the State of Delaware on October 9, 2007, and as certified by the Secretary of the Company on the date hereof as being complete, accurate and in effect (the "Certificate of Incorporation").
 3. The by-laws of the Company, as certified by the Secretary of the Company on the date hereof as being complete, accurate and in effect (the "By-Laws").
-

4. A certificate of good standing of the Company issued by the Secretary of State of the State of Delaware dated October 9, 2007 (the "Good Standing Certificate").
5. Certain resolutions of the Board of Directors of the Company adopted at a meeting held on October 18, 2007, as certified by the Secretary of the Company on the date hereof as being complete, accurate and in effect, relating to, among other things, authorization of the Credit Agreement and arrangements in connection therewith.
6. A certificate of certain officers of the Company, dated the date hereof, as to certain facts relating to the Company.
7. A certificate of the Secretary of the Company, dated the date hereof, as to the incumbency and signatures of certain officers of the Company.
8. Hogan & Hartson L.L.P. litigation docket.

In our examination of the Credit Agreement and the other Documents, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy and completeness of all of the Documents, the authenticity of all originals of the Documents and the conformity to authentic originals of all of the Documents submitted to us as copies (including telecopies). As to all matters of fact relevant to the opinions expressed and other statements made herein, we have relied on the representations and statements of fact made in the Documents, we have not independently established the facts so relied on, and we have not made any investigation or inquiry other than our examination of the Documents. This opinion letter is given, and all statements herein are made, in the context of the foregoing.

As used in this opinion letter, the phrases "to our knowledge" and "of which we have knowledge" mean the actual knowledge (that is, the conscious awareness of facts or other information) of lawyers currently in the firm who have given substantive legal attention to representation of the Company in connection with the Credit Agreement.

For purposes of this opinion letter, we have assumed that (i) the Agent and the Lenders have all requisite power and authority under all applicable laws,

regulations and governing documents to execute, deliver and perform their respective obligations under the Credit Agreement and the Agent and the Lenders have complied with all legal requirements pertaining to their status as such status relates to their rights to enforce the Credit Agreement against the Company, (ii) each of the Agent and the Lenders has duly authorized, executed and delivered the Credit Agreement, (iii) each party to the Credit Agreement is validly existing and in good standing in all necessary jurisdictions (except for the Company in the State of Delaware), (iv) the Credit Agreement constitutes valid and binding obligations of the Agent and the Lenders, enforceable against each of them in accordance with its terms, (v) there has been no mutual mistake of fact or misunderstanding or fraud, duress or undue influence in connection with the negotiation, execution or delivery of the Credit Agreement, and the conduct of all parties to the Credit Agreement has complied with any requirements of good faith, fair dealing and conscionability, and (vi) there are and have been no agreements or understandings among the parties, written or oral, and there is and has been no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement or qualify the terms of the Credit Agreement. We have also assumed the validity and constitutionality of each relevant statute, rule, regulation and agency action covered by this opinion letter.

For purposes of the opinions set forth in paragraphs (b), (d), (e) and (f) below, we have made the following further assumptions: (i) that all orders, judgments, decrees, agreements and contracts would be enforced as written; (ii) that the Company will not in the future take any discretionary action (including a decision not to act) permitted under the Credit Agreement that would result in a violation of law or constitute a breach or default under any order, judgment or decree; (iii) that the Company will obtain all permits, consents and governmental approvals required in the future, and take all actions required, which are relevant to subsequent consummation of the transactions contemplated under the Credit Agreement or performance of the Credit Agreement; and (iv) that all parties to the Credit Agreement will act in accordance with, and will refrain from taking any action that is forbidden by, the terms and conditions of the Credit Agreement.

For purposes of the opinion set forth in paragraph (f) below, we have assumed, without any independent verification or investigation, that none of the Lenders is a broker or dealer under the Margin Regulations (as defined below).

This opinion letter is based as to matters of law solely on applicable provisions of the following, as currently in effect: (i) as to the opinions expressed in

paragraphs (a), (b), (c)(i) and (d)(i)-(ii) below, the General Corporation Law of the State of Delaware, as amended, (ii) as to the opinions expressed in paragraphs (d)(iii) and (e) below, except to the extent excluded below, federal statutes and regulations, (iii) as to the opinion expressed in paragraph (f) below, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 CFR Parts 220, 221 and 224 (the "Margin Regulations"), and (iv) as to the opinions expressed in paragraphs (c), (d)(iii)-(iv) and (e) below, except to the extent excluded below, internal New York law (but not including any statutes, ordinances, administrative decisions, rules or regulations of any political subdivision of the State of New York); provided, however, that the laws described above shall not include (and we express no opinion as to) federal or state securities, antitrust, unfair competition, banking, or tax laws or regulations except to the extent specifically identified in clause (iii) above for purposes of the opinion referred to in clause (iii) only, and we express no opinion as to any other laws, statutes, rules or regulations not specifically identified above or as to any effect that such other laws and regulations may have on the opinions expressed herein; and further provided that, with respect to clauses (ii) and (iv) above, the opinions expressed herein are based upon a review of those laws, statutes and regulations that, in our experience, are generally recognized as applicable to the transactions contemplated in the Credit Agreement. The law identified in clause (ii) above, subject to the exclusions and limitations set forth above, is referred to herein as "Applicable Federal Law," and the law identified in clause (iv) above, subject to the exclusions and limitations set forth above, is referred to herein as "Applicable State Law."

Based upon, subject to and limited by the foregoing, we are of the opinion that:

- (a) The Company is validly existing as a corporation and in good standing as of the date of the Good Standing Certificate under the laws of the State of Delaware.
 - (b) The Company has the corporate power to execute, deliver and perform the Credit Agreement. The execution, delivery and performance by the Company of the Credit Agreement have been duly authorized by all necessary corporate action of the Company.
-

(c) The Credit Agreement (i) has been duly executed and delivered by the Company and (ii) constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(d) The execution, delivery and performance by the Company of the Credit Agreement do not (i) require any approval of its shareholders, (ii) violate the General Corporation Law of the State of Delaware, as amended, or the Certificate of Incorporation or the Bylaws, (iii) violate any provision of Applicable Federal Law or any provision of Applicable State Law, or (iv) violate any court or administrative order, judgment or decree of which we have knowledge that names the Company and is specifically directed to it or any of its property.

(e) To our knowledge, no action by, approval or consent of, or registration or filing with, any federal or New York State Government Authority is required to be obtained or made by the Company under Applicable Federal Law or Applicable State Law in connection with the execution, delivery and performance by the Company of the Credit Agreement.

(f) The making of the Loans to the Company and the use by the Company of the proceeds of the Loans, each in accordance with the terms of the Credit Agreement, do not violate Section 7 of the Exchange Act or the Margin Regulations.

In addition to the assumptions, qualifications, exceptions and limitations elsewhere set forth in this opinion letter, the opinions expressed in paragraph (c) above are subject to the qualification that certain rights, remedies, waivers and other provisions of the Credit Agreement may not be enforceable in accordance with their terms, but, subject to the assumptions, exceptions, qualifications and limitations set forth elsewhere in this opinion letter, such unenforceability would not render the Credit Agreement invalid as a whole or preclude (i) the judicial enforcement of the obligations of the Company to pay the principal of the Loans and interest thereon at the rate or rates (but not including any increase in rate after default) set forth therein, or (ii) the acceleration by the Agent of the Company's obligation to repay such principal, together with such interest, after a default by the Company in the payment of such principal or interest.

In addition to the assumptions, qualifications, exceptions and limitations elsewhere set forth in this opinion letter, our opinions expressed above are also subject to the effect of: (1) bankruptcy, insolvency, reorganization, receivership, moratorium and other laws affecting creditors' rights (including,

without limitation, the effect of statutory and other law regarding fraudulent conveyances, fraudulent transfers and preferential transfers); and (2) the exercise of judicial discretion and the application of principles of equity, good faith, fair dealing, reasonableness, conscionability and materiality (regardless of whether the applicable agreements are considered in a proceeding in equity or at law).

* * * * *

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter. This opinion letter has been prepared solely for your use in connection with the closing under the Credit Agreement on the date hereof, and should not be quoted in whole or in part or otherwise be referred to, and should not be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm except that this opinion letter may be circulated to any prospective Lender and may be relied upon by any person who, in the future, becomes a Lender (it being understood that this opinion letter speaks only as of the date hereof, and that no such reliance will have any effect on the scope, phrasing or originally intended use of this opinion letter).

Very truly yours,

/s/ Hogan & Hartson L.L.P.
HOGAN & HARTSON L.L.P.

STATEMENT OF COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(dollars in millions, except ratio information)

	Fiscal Years Ended December 31,					Three Months Ended March 31, 2011
	2006	2007	2008	2009	2010	
Income from continuing operations before income taxes	720.9	802.3	785.7	884.6	915.6	213.7
Fixed Charges:						
Interest on long-term and short-term debt including amortization of debt expense	47.8	56.6	72.0	62.9	70.0	24.0
Portion of rental expense as can be demonstrated to be representative of the interest factor	43.6	53.0	58.4	61.0	67.4	18.6
Total fixed charges	91.4	109.6	130.4	123.9	137.4	42.6
Earnings before income taxes and fixed charges	812.3	911.9	916.1	1,008.5	1,053.0	256.3
Ratio of earnings to fixed charges	8.89	8.32	7.03	8.14	7.66	6.02

Exhibit 31.1

Certification

I, David P. King, certify that:

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

Date: May 2, 2011

By: /s/ DAVID P. KING
David P. King
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification

I, William B. Hayes, certify that:

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

Date: May 2, 2011

By: /s/ WILLIAM B. HAYES
William B. Hayes
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

Written Statement of
Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Laboratory Corporation of America Holdings (the "Company"), each hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-Q of the Company for the Period Ended March 31, 2011 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID P. KING
David P. King
Chief Executive Officer
May 2, 2011

By: /s/ WILLIAM B. HAYES
William B. Hayes
Chief Financial Officer
May 2, 2011