

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1

TENDER OFFER STATEMENT PURSUANT TO SECTION 14(D)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. 10)

MCKESSON CORPORATION
(NAME OF SUBJECT COMPANY)

ECO ACQUISITION CORPORATION
A WHOLLY OWNED SUBSIDIARY OF
ELI LILLY AND COMPANY
(BIDDERS)

COMMON STOCK, \$2.00 PAR VALUE PER SHARE 581556 10 7
(INCLUDING THE ASSOCIATED RIGHTS) (CUSIP NUMBER OF CLASS OF SECURITIES)
(TITLE OF CLASS OF SECURITIES)

J.B. KING, ESQ.
VICE PRESIDENT AND GENERAL COUNSEL
ELI LILLY AND COMPANY
LILLY CORPORATE CENTER
INDIANAPOLIS, INDIANA 46285
(317) 276-2000

(NAMES, ADDRESSES AND TELEPHONE NUMBERS OF PERSONS AUTHORIZED
TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF BIDDER)

WITH A COPY TO:

BERNARD E. KURY, ESQ.
DEWEY BALLANTINE
1301 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10019
(212) 259-7400

This Amendment No. 10 to the Schedule 14D-1 relates to a tender offer by ECO Acquisition Corporation (the "Purchaser"), a Delaware corporation and a wholly owned subsidiary of Eli Lilly and Company, an Indiana corporation ("Parent"), to purchase all outstanding shares of common stock, par value \$2.00 per share and the associated Rights (as defined in the Offer to Purchase) (collectively, the "Shares"), of McKesson Corporation (the "Company"), a Delaware corporation, at a purchase price of \$76.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated July 15, 1994 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer"), copies of which were attached as Exhibits (a)(1) and (a)(2), respectively, to the Schedule 14D-1 filed with the Securities and Exchange Commission on July 15, 1994 as amended by Amendment Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 9 thereto dated July 27, 1994, August 10, 1994, September 7, 1994, September 21, 1994, October 11, 1994, October 13, 1994, October 14, 1994, October 24, 1994 and October 26, 1994, respectively (collectively, the "Schedule 14D-1"). The purpose of this Amendment No. 10 is to amend and supplement Items 4, 7, 10 and 11 of the Schedule 14D-1 as described below.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Item 4(b) of the Schedule 14D-1 is hereby amended and supplemented as follows:

Parent expects to fund the acquisition of Shares pursuant to the Offer, the other transactions contemplated by the Merger Agreement (including the payment of approximately \$600 million to the Company) and related fees and expenses (all of which together are expected to total approximately \$4.1 billion) with the proceeds of a \$4 billion commercial paper program and internally-generated funds. Depending on market conditions, Parent expects over time to reduce the amount of commercial paper outstanding for this purpose by converting a portion to longer-term debt or possibly through other techniques. On October 21, 1994 Parent entered into agency agreements with Morgan Stanley & Co. Incorporated ("Morgan Stanley"), Goldman Sachs Money Markets, L.P. ("Goldman Sachs") and Lehman Brothers Inc. ("Lehman Brothers") pursuant to which each such firm agreed to act as an agent for the private placement of commercial paper issued by Parent. The forms of such agreements are attached hereto on Exhibits (a) (28), (a) (29) and (a) (30). Commercial paper issued by Parent will be unsecured obligations of Parent having maturities not exceeding 270 days from the date of issuance and bearing interest at prevailing market rates for such instruments at the time of issuance. The commercial paper has been rated A-1+ by Standard & Poor's Corporation and P-1 by Moody's Investors Service. Parent has received commitment letters from Morgan Stanley, Goldman Sachs and Lehman Brothers pursuant to which each such firm committed, subject to specified terms and conditions (including (a) the absence of any material adverse change with respect to Parent and (b) the absence of (i) any downgrading of Parent's debt securities, other than long-term debt, (ii) any downgrading of Parent's long-term debt below the equivalent of A+, or (iii) any public announcement of a review, with possible negative implications, of Parent's debt securities, other than long-term debt) to underwrite one-third (but no more than \$1.5 billion each) of the commercial paper not previously sold to qualified investors. Such commitment letters provide that the commercial paper purchased by such firms may carry a maturity of one day. The forms of such letters are attached hereto as Exhibits (a)(31), (a)(32) and (a)(33).

On October 24, 1994 Parent entered into two Competitive Advance and Revolving Credit Agreements (the "Credit Agreements") with a group of lenders named therein and Chemical Bank and Citicorp USA, Inc. as Administrative Agents, pursuant to which the lenders have agreed, subject to specified terms and conditions, to provide facilities (one of which is a five-year facility for \$1 billion and the other of which is a 364-day facility for \$3 billion) for use for general corporate purposes, including commercial paper backup. The facilities could also be used for funding the purchase of Shares pursuant to the Offer and for the other transactions contemplated by the Merger Agreement. Borrowings under the facilities established by the Credit Agreements will be unsecured obligations of Parent. The Credit Agreements provide several options with respect to interest rates, including permitting Parent to solicit competitive bids from the lenders for specific borrowings. The forms of such Credit Agreements are attached hereto as Exhibits (a)(34) and (a)(35).

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

Item 7 of the Schedule 14D-1 is hereby amended and supplemented as follows:

On November 3, 1994 the Company and the other parties to the Reorganization and Distribution Agreement, dated as of July 10, 1994, as amended (the "Distribution Agreement"), entered into a Second Amendment thereto, to which Parent consented on November 3, 1994. The form of the Second Amendment is attached hereto as Exhibit (a)(36).

ITEM 10. ADDITIONAL INFORMATION TO BE FURNISHED.

Reference is made to the press release issued by Parent on November 4, 1994, the form of which is filed as Exhibit (a)(37) to the Schedule 14D-1 and is incorporated herein by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

- (a)(28) Form of Agency Agreement, dated October 21, 1994, between Parent and Morgan Stanley & Co. Incorporated.
- (a)(29) Form of Agency Agreement, dated October 21, 1994, between Parent and Goldman Sachs Money Markets, L.P.
- (a)(30) Form of Agency Agreement, dated October 21, 1994, between Parent and Lehman Brothers Inc.
- (a)(31) Form of Commitment Letter, dated October 28, 1994, from Morgan Stanley & Co. Incorporated.
- (a)(32) Form of Commitment Letter, dated October 27, 1994, from Goldman Sachs Money Markets, L.P.
- (a)(33) Form of Commitment Letter, dated October 26, 1994, from Lehman Brothers Inc.
- (a)(34) Form of Competitive Advance and Revolving Credit Agreement (5-year facility), dated October 24, 1994 (without Exhibit D thereto).
- (a)(35) Form of Competitive Advance and Revolving Credit Agreement (364-day facility), dated October 24, 1994 (without Exhibit D thereto).
- (a)(36) Form of Second Amendment to Distribution Agreement.
- (a)(37) Form of press release issued by Parent on November 4, 1994.

SIGNATURE

AFTER DUE INQUIRY AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, EACH OF THE UNDERSIGNED CERTIFIES THAT THE INFORMATION SET FORTH IN THIS STATEMENT IS TRUE, COMPLETE AND CORRECT.

Eli Lilly and Company

/s/ James M. Cornelius

By: _____

Name: James M. Cornelius
Title: Vice President, Finance
and
Chief Financial Officer

ECO Acquisition Corporation

/s/ Charles E. Schalliol

By: _____

Name: Charles E. Schalliol
Title: President

Dated: November 4, 1994

October 21, 1994

Morgan Stanley & Co. Incorporated
1221 Avenue of the Americas
New York, New York 10020

Dear Sirs:

Eli Lilly and Company, an Indiana corporation (the "Company"), hereby appoints you as its agent for the purpose of soliciting offers to purchase from the Company from time to time its commercial paper notes, maturing not later than nine months from date of issue (the "CP Notes") in an aggregate principal amount outstanding not to exceed the amount authorized from time to time by the Board of Directors of the Company. The CP Notes will be issued under an Issuing and Paying Agency Agreement dated as of October 21, 1994 (the "Paying Agency Agreement"), between the Company and Citibank, N.A., as Issuing and Paying Agent (the "Paying Agent"), and will be issued in denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. The Company may sell CP Notes directly to you as principal for resale to others. The Company understands that this letter does not constitute a commitment or obligation, expressed or implied, on the part of you to purchase any CP Notes from the Company.

Section 1. Issuance and Purchase of the CP Notes. If you and the Company shall agree upon the sale of any CP Notes to or through you (including, but not limited to, agreement with respect to the price, principal amount, maturity and interest or discount rate thereof), (i) instructions to the Paying Agent to complete, authenticate and deliver the CP Notes shall be given in the manner described in the Paying Agency Agreement and (ii) the authentication and delivery to you of such CP Notes by the Paying Agent shall constitute the issuance of such CP Notes by the Company.

Section 2. Offering of the CP Notes; Restrictions on Transfer. (a) You agree with the Company that (i) you will deliver a Private Placement Memorandum (as hereinafter defined) to each prospective investor in the CP Notes prior to the initial offer to purchase a CP Note or CP Notes by such investor, (ii) you will not solicit offers for, or offer or sell, CP Notes by any form of general solicitation or general advertising or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 thereunder, and (iii) you will solicit offers for CP Notes only from, and will offer CP Notes only to, (x) institutional investors that you reasonably believe are "accredited investors" within the meaning of Rule 501(a) under the Securities Act or (y) qualified institutional buyers as defined in Rule 144A under the Securities Act ("QIBs") and who, in purchasing CP Notes, may be deemed to have represented and agreed as provided in paragraphs (1) through (4) of Section 2(b).

(b) Each Private Placement Memorandum shall contain paragraphs in substantially the following form:

"Each purchaser of a CP Note will be deemed to have represented and agreed as follows:

(1) It is a sophisticated institutional investor that is an "accredited investor", as defined in Regulation D under the Securities Act or a QIB; it is purchasing the CP Note for its own account or an account with respect to which it exercises sole investment discretion; if it is acting for another, it confirms that such investor is an institutional "accredited investor" or a QIB; and it is not acquiring the CP Note with a view to, or for sale in connection with, any distribution thereof;

(2) It understands that the CP Note is being offered only in a transaction not involving any public offering within the meaning of the Securities Act, that the purchaser must be prepared to hold the CP Note until maturity, and that, if in the future it decides to resell, pledge or otherwise transfer the CP Note, the CP Note will be resold, pledged or transferred only (i) to you or the Company, (ii) through you to an institutional investor approved by you as an accredited investor or a QIB, (iii) to a QIB in a

transaction made under Rule 144A, or (iv) in a transaction previously approved by the Company and you as exempt from registration under the Securities Act.

(3) It understands that the CP Note will bear a legend to the following effect:

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "ACT"), AND INITIAL SALES OF THE NOTES MAY BE MADE ONLY TO INSTITUTIONAL "ACCREDITED INVESTORS" AS DEFINED IN RULE 501(A) UNDER THE ACT OR QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN RULE 144A UNDER THE ACT ("QIB"). BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER (A) REPRESENTS THAT IT IS (I) AN INSTITUTIONAL ACCREDITED INVESTOR OR A FIDUCIARY OR AGENT (OTHER THAN A U.S. BANK OR SAVINGS AND LOAN ASSOCIATION) THAT IS ACTING ON BEHALF OF AN INSTITUTIONAL ACCREDITED INVESTOR AND THAT THE NOTE IS BEING ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION, OR (II) A QIB ACTING ON BEHALF OF ITSELF OR ANOTHER QIB (AND, IF IT IS A QIB, ACKNOWLEDGES THAT IT IS AWARE THAT THE SELLER MAY RELY ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE ACT PURSUANT TO RULE 144A) AND (B) AGREES THAT ANY RESALE OF THE NOTE WILL BE MADE ONLY IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT AND ONLY (I) TO MORGAN STANLEY & CO. INCORPORATED ("MORGAN STANLEY"), GOLDMAN SACHS MONEY MARKETS, L.P. ("GSMM LP"), LEHMAN BROTHERS INC. ("LEHMAN BROTHERS") OR TO ELI LILLY AND COMPANY (THE "COMPANY"), OR THROUGH MORGAN STANLEY, GSMM LP, OR LEHMAN BROTHERS TO AN INSTITUTIONAL ACCREDITED INVESTOR OR A QIB, (II) TO A QIB IN A TRANSACTION MADE UNDER RULE 144A, OR (III) IN A TRANSACTION PREVIOUSLY APPROVED BY THE COMPANY AS EXEMPT FROM REGISTRATION UNDER THE ACT.

(4) It has received the Private Placement Memorandum and has had full opportunity to request from the Company and to review, and has received, all additional information necessary to verify the accuracy of the information therein that the Company could provide without unreasonable effort or expense."

Section 3. Representations and Warranties. The Company represents and warrants to you as of the date hereof, as of each date on which you solicit offers to purchase CP Notes, as of each date on which the Company accepts an offer to purchase CP Notes (including any purchase by you as principal), as of each date the Company issues and sells CP Notes and as of each date the Private Placement Memorandum (as hereinafter defined) is amended or supplemented, as follows (it being understood that such representations and warranties shall be deemed to relate to the Private Placement Memorandum as amended and supplemented to each such date):

(a) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and has full power and authority to execute, deliver and perform this Agreement, the CP Notes and the Paying Agency Agreement.

(b) The CP Notes have been duly authorized and, when executed and authenticated in accordance with the Paying Agency Agreement and delivered to and paid for by the purchasers thereof, will be entitled to the benefits of the Paying Agency Agreement and will be valid and binding obligations of the Company, enforceable in accordance with their respective terms except that (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(c) This Agreement has been duly authorized, executed and delivered by the Company.

(d) The Paying Agency Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms except that (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(e) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the CP Notes and the Paying Agency Agreement will not contravene any provision of applicable law or the articles of incorporation or by-laws of the Company or any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of or qualification with any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, the CP Notes and the Paying Agency Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the CP Notes.

(f) The issuance and sale of the CP Notes under the circumstances contemplated hereby and by the Paying Agency Agreement do not require registration of the CP Notes under the Securities Act, pursuant to the exemption from registration contained in Section 4(2) thereof and do not require compliance with any provision of the Trust Indenture Act of 1939, as amended.

(g) The Company is not an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

(h) There has not been any material adverse change in the financial condition, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Private Placement Memorandum.

(i) The CP Notes satisfy the requirements set forth in Rule 144A(d)(3) under the Securities Act.

Section 4. Agreements. The Company agrees with you that:

(a) The Company will promptly deliver to you copies of all (i) filings by the Company with the Securities and Exchange Commission pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, and (ii) all information generally supplied by the Company to its shareholders.

(b) The Company will provide to you as soon as practicable a Private Placement Memorandum containing business and financial information concerning the Company and a description of the CP Notes which (with any amendments and supplements provided by the Company) may be used by you in connection with the sale of the CP Notes until the Company provides you with an updated or revised memorandum (such Private Placement Memorandum, together with any amendments or supplements thereto, including information incorporated therein by reference, if any, is herein referred to as the "Private Placement Memorandum").

(c) If, at any time when you are offering CP Notes or any CP Notes are outstanding, any event occurs or condition exists as a result of which the Private Placement Memorandum as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances when such Private Placement Memorandum is delivered to a purchaser, not misleading, or if, in your opinion or the opinion of the Company, it is necessary at any time to amend or supplement the Private Placement Memorandum as then amended or supplemented to comply with applicable law, the Company will immediately notify you and will prepare and furnish to you a revision or supplement to the Private Placement Memorandum reasonably satisfactory in all respects to you, that will correct such statement or omission or effect such compliance.

(d) The Company will, whether or not any sale of CP Notes is consummated, pay all reasonable expenses incurred by you incident to the performance of its obligations under this Agreement, the CP Notes and the Paying Agency Agreement, including, without limitation, fees and expenses of your counsel.

(e) The Company will notify you promptly in writing of any downgrading, or of its receipt of any notice of any intended or potential downgrading or of any review for a possible change, that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(f) The Company agrees promptly from time to time to take such action as you may reasonably request to qualify the CP Notes for offer and sale under the securities or Blue Sky laws of such jurisdictions as you may reasonably request and to maintain such qualifications for as long as you shall reasonably request. The Company also agrees to reimburse you for any reasonable fees or costs (including fees and disbursements of counsel) incurred in so qualifying the CP Notes.

(g) The Company is currently issuing commercial paper which is offered and sold in the commercial paper market in reliance upon, and in compliance with the requirements of, the exemption provided by Section 3(a)(3) of the Securities Act and the Company expects to continue to do so. In connection with the foregoing, the Company agrees that (i) the proceeds from the sale of the CP Notes will be deposited and kept in a different depository bank account from that which is used for the deposit of the proceeds from the sale of such commercial paper and (ii) appropriate corporate controls will be instituted and maintained to ensure that the proceeds from the sale of CP Notes will be used for purposes which do not meet the "current transactions" requirements of Section 3(a)(3) of the Act and the proceeds from the sale of such commercial paper will be used for purposes which meet such requirements.

(h) The Company will not sell or offer for sale any security (as defined in the Securities Act) which could be integrated with the CP Notes so as to require the registration under the Securities Act of such CP Notes. The Company represents and you agree that its sale of commercial paper under Section 3(a)(3) of the Securities Act under the terms described in Section 4(g) does not constitute a sale of a security that could be integrated with the CP Notes as described herein.

(j) The Company shall not solicit any offer to buy or offer to sell CP Notes by means of any form of general solicitation or general advertising, within the meaning of Rule 502(c) under the Securities Act or otherwise, including: (x) any advertisement, article, notice or other communication published in a magazine or similar medium or broadcast over television or radio; and (y) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(k) The Company also agrees that, as long as the CP Notes are being offered for sale by you as contemplated hereby and until six months after the offer of CP Notes hereunder has been terminated, neither the Company nor any person other than you, Goldman Sachs Money Markets, L.P. ("GSMM LP") or Lehman Brothers Inc. ("Lehman Brothers") will offer the CP Notes or, except as set forth in paragraph 4(g) above, any substantially similar security of the Company for sale to, or solicit offers to buy thereof from, any other person other than you, GSMM LP or Lehman Brothers except with the prior written consent of you, GSMM LP or Lehman Brothers, it being understood that this agreement is made with a view to bringing the offer and sale of the CP Notes within the exemption provided in Section 4(2) of the Securities Act and Rule 506 thereunder. The Company also confirms that it has entered into dealer agreements with GSMM LP and Lehman Brothers which contain provisions relating to the qualification of prospective investors and manner of offering the CP Notes which are substantially identical to the corresponding provisions in this agreement. The Company agrees that such provisions in its dealer agreements with GSMM LP and Lehman Brothers shall not be amended in any material respect without your prior written consent.

(l) In the event that the Company determines to use the proceeds for the purpose of buying, carrying or trading securities including, but not limited to, buying, carrying or trading securities in connection with an acquisition of equity securities of another company, the Company shall give you at least 5 days prior written notice to that effect. The Company shall also give you prompt notice of the actual date that it commences to purchase such securities with the proceeds of commercial paper. Thereafter, in the event that you purchase CP Notes as principal and do not resell such CP Notes on the day of such purchase, you will sell such CP Notes only to persons you reasonably believe to be QIBs or to QIBs you reasonably believe are acting for other QIBs, in each case pursuant to Rule 144A.

(m) The Company will furnish to you such additional information as you may reasonably request.

(n) At any time when the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Company shall make available, upon request, to any holder, beneficial owner or prospective purchaser of any CP Notes the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act and will furnish to you, upon request, copies of such information.

Section 5. Indemnity and Contribution. The Company agrees to (a) indemnify and hold harmless you and each person, if any, who controls you within the meaning of either Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended, from and against any and all losses, claims, damages or liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in the Private Placement Memorandum (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, and (b) to reimburse you for all reasonable expenses (including counsel fees) as they are incurred by you in connection with investigating or defending any such loss, claim, damage or liability. The Company's indemnification of you shall not apply insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission based upon information relating to you furnished to the Company in writing by you expressly for use therein. The Company shall not, without your prior written consent, effect any settlement of any pending or threatened proceeding in respect of which you are or could have been a party and indemnity could have been sought hereunder by you, unless such settlement includes an unconditional release of you from all liability on claims that are the subject matter of such proceeding. If the indemnification provided for in this Section 5 is unavailable or insufficient in respect of any losses, claims, damages or liabilities referred to herein, then you, on the one hand, and the Company, on the other hand, shall contribute to the amount paid or payable by you as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative benefits received by you, on the one hand, and the Company, on the other hand, or, if such allocation is not permitted by applicable law, to reflect not only the relative benefits referred to above but also the relative fault of each of the parties and any other relevant equitable considerations. For the purposes of this Section 5, the "relative benefits" received by the Company shall be equal to the aggregate proceeds received by the Company from the CP Notes sold pursuant to this Agreement and the "relative benefits" received by you shall be equal to the aggregate commissions received by you therefrom.

Section 6. Payment and Delivery. (a) Payment for CP Notes sold to or through you pursuant to this Agreement shall be made by you in immediately available funds payable to the Paying Agent for the account of the Company in such manner and at such time as provided in the Paying Agency Agreement, at the offices of the Paying Agent. Delivery of CP Notes sold to or through you hereunder shall be made by the Paying Agent to you (in definitive form payable to the bearer and in such denominations as may be requested by you) by 2:15 p.m. New York time on the date agreed upon for delivery (the "Settlement Date").

(b) In the event the Company shall direct the Paying Agent to cease issuing CP Notes, the Paying Agent shall be instructed by the Company to issue such CP Notes as you shall certify were sold within sixty (60) minutes after your receipt of written notice of such cessation. You agree upon receipt of any such cessation

notice to use your reasonable efforts to immediately cease effecting transactions in CP Notes; provided, however, that this provision shall have no effect with respect to CP Notes purchased by you as principal from the Company.

Section 7. Conditions Precedent to Effectiveness of Dealer Agreement. The following documents shall have been provided to you at or promptly following the execution of this Agreement:

(i) An executed copy of the Paying Agency Agreement.

(ii) A certified copy of resolutions of the Board of Directors of the Company authorizing (i) the issuance of the CP Notes and (ii) the execution and delivery of this Agreement and the Paying Agency Agreement.

(iii) An opinion of counsel to the Company substantially in the form of Exhibit A hereto.

(iv) All other documents reasonably requested by you.

Section 8. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to Morgan Stanley, will be mailed, delivered or telecopied and confirmed to Morgan Stanley at 1221 Avenue of the Americas, New York, New York 10020, Attention: Manager, Continuously Offered Products (telecopy number: (212) 764-7490), with a copy to 1251 Avenue of the Americas, New York, New York 10020, Attention: Manager, Credit Department, (telecopy number: (212) 703-4575), or, if sent to the Company, will be mailed, delivered, or telecopied and confirmed to the Company at Lilly Corporate Center, Indianapolis, Indiana 46285, Attention: Assistant Treasurer, (telecopy number: (317) 277-3275), or to either of the foregoing parties, or their successors, at such other address as such party or successor may designate from time to time by notice duly given in accordance with the terms of this Section 8 to the other party hereto.

Section 9. Amendments; Successors. (a) This Agreement may be amended or supplemented if, but only if, such amendment or supplement is in writing and is signed by the Company and you. This Agreement is not assignable by either party hereto without the written consent of the other party.

(b) This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the controlling persons referred to in Section 5 and the purchasers of CP Notes (to the extent expressly provided in Section 7), and no other person will have any right or obligation hereunder.

(c) The Company will give you notice of any proposed cancellation, amendment, supplement, waiver or consent to or under the Paying Agency Agreement at least seven (7) days prior to the effective date thereof.

Section 10. Termination. This Agreement may be terminated at any time by either party hereto upon the giving of written notice of such termination to the other party hereto, but without prejudice to any rights, obligations or liabilities of either party hereto accrued or incurred prior to such termination. If this Agreement is terminated, the provisions of Sections 3, 4(d), 4(f), 4(g), 4(h) and 5 shall survive and continue in full force and effect.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

Section 12. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 13. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and you.

Very truly yours,

ELI LILLY AND COMPANY

By _____
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

MORGAN STANLEY & CO. INCORPORATED

By _____
Title:

October 21, 1994

Goldman Sachs Money Markets, L.P.
85 Broad Street
New York, New York 10004

Dear Sirs:

Eli Lilly and Company, an Indiana corporation (the "Company"), hereby appoints you as its agent for the purpose of soliciting offers to purchase from the Company from time to time its commercial paper notes, maturing not later than nine months from date of issue (the "CP Notes") in an aggregate principal amount outstanding not to exceed the amount authorized from time to time by the Board of Directors of the Company. The CP Notes will be issued under an Issuing and Paying Agency Agreement dated as of October 21, 1994 (the "Paying Agency Agreement"), between the Company and Citibank, N.A., as Issuing and Paying Agent (the "Paying Agent"), and will be issued in denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. The Company may sell CP Notes directly to you as principal for resale to others. The Company understands that this letter does not constitute a commitment or obligation, expressed or implied, on the part of you to purchase any CP Notes from the Company.

Section 1. Issuance and Purchase of the CP Notes. If you and the Company shall agree upon the sale of any CP Notes to or through you (including, but not limited to, agreement with respect to the price, principal amount, maturity and interest or discount rate thereof), (i) instructions to the Paying Agent to complete, authenticate and deliver the CP Notes shall be given in the manner described in the Paying Agency Agreement and (ii) the authentication and delivery to you of such CP Notes by the Paying Agent shall constitute the issuance of such CP Notes by the Company.

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(b) Each Private Placement Memorandum shall contain paragraphs in substantially the following form:

"Each purchaser of a CP Note will be deemed to have represented and agreed as follows:

(1) It is a sophisticated institutional investor that is an "accredited investor", as defined in Regulation D under the Securities Act or a QIB; it is purchasing the CP Note for its own account or an account with respect to which it exercises sole investment discretion; if it is acting for another, it confirms that such investor is an institutional "accredited investor" or a QIB; and it is not acquiring the CP Note with a view to, or for sale in connection with, any distribution thereof;

(2) It understands that the CP Note is being offered only in a transaction not involving any public offering within the meaning of the Securities Act, that the purchaser must be prepared to hold the CP Note until maturity, and that, if in the future it decides to resell, pledge or otherwise transfer the CP Note, the CP Note will be resold, pledged or transferred only (i) to you or the Company, (ii) through you to an institutional investor approved by you as an accredited investor or a QIB, (iii) to a QIB in a transaction made under Rule 144A, or (iv) in a transaction previously approved by the Company and you as exempt from registration under the Securities Act.

(3) It understands that the CP Note will bear a legend to the following effect:

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "ACT"), AND INITIAL SALES OF THE NOTES MAY BE MADE ONLY TO INSTITUTIONAL "ACCREDITED INVESTORS" AS DEFINED IN RULE 501(A) UNDER THE ACT OR QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN RULE 144A UNDER THE ACT ("QIB"). BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER (A) REPRESENTS THAT IT IS (I) AN INSTITUTIONAL ACCREDITED INVESTOR OR A FIDUCIARY OR AGENT (OTHER THAN A U.S. BANK OR SAVINGS AND LOAN ASSOCIATION) THAT IS ACTING ON BEHALF OF AN INSTITUTIONAL ACCREDITED INVESTOR AND THAT THE NOTE IS BEING ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION, OR (II) A QIB ACTING ON BEHALF OF ITSELF OR ANOTHER QIB (AND, IF IT IS A QIB, ACKNOWLEDGES THAT IT IS AWARE THAT THE SELLER MAY RELY ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE ACT PURSUANT TO RULE 144A) AND (B) AGREES THAT ANY RESALE OF THE NOTE WILL BE MADE ONLY IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT AND ONLY (I) TO GOLDMAN SACHS MONEY MARKETS, L.P. ("GSMM LP"), LEHMAN BROTHERS INC. ("LEHMAN BROTHERS"), MORGAN STANLEY & CO. INCORPORATED ("MORGAN STANLEY") OR TO ELI LILLY AND COMPANY (THE "COMPANY"), OR THROUGH GSMM LP, LEHMAN BROTHERS, OR MORGAN STANLEY TO AN INSTITUTIONAL ACCREDITED INVESTOR OR A QIB, (II) TO A QIB IN A TRANSACTION MADE UNDER RULE 144A, OR (III) IN A TRANSACTION PREVIOUSLY APPROVED BY THE COMPANY AS EXEMPT FROM REGISTRATION UNDER THE ACT.

(4) It has received the Private Placement Memorandum and has had full opportunity to request from the Company and to review, and has received, all additional information necessary to verify the accuracy of the information therein that the Company could provide without unreasonable effort or expense."

Section 3. Representations and Warranties. The Company represents and warrants to you as of the date hereof, as of each date on which you solicit offers to purchase CP Notes, as of each date on which the Company accepts an offer to purchase CP Notes (including any purchase by you as principal), as of each date the Company issues and sells CP Notes and as of each date the Private Placement Memorandum (as hereinafter defined) is amended or supplemented, as follows (it being understood that such representations and warranties shall be deemed to relate to the Private Placement Memorandum as amended and supplemented to each such date):

(a) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and has full power and authority to execute, deliver and perform this Agreement, the CP Notes and the Paying Agency Agreement.

(b) The CP Notes have been duly authorized and, when executed and authenticated in accordance with the Paying Agency Agreement and delivered to and paid for by the purchasers thereof, will be entitled to the benefits of the Paying Agency Agreement and will be valid and binding obligations of the Company, enforceable in accordance with their respective terms except that (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(c) This Agreement has been duly authorized, executed and delivered by the Company.

(d) The Paying Agency Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms except that

(i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(e) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the CP Notes and the Paying Agency Agreement will not contravene any provision of applicable law or the articles of incorporation or by-laws of the Company or any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of or qualification with any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, the CP Notes and the Paying Agency Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the CP Notes.

(f) The issuance and sale of the CP Notes under the circumstances contemplated hereby and by the Paying Agency Agreement do not require registration of the CP Notes under the Securities Act, pursuant to the exemption from registration contained in Section 4(2) thereof and do not require compliance with any provision of the Trust Indenture Act of 1939, as amended.

(g) The Company is not an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

(h) There has not been any material adverse change in the financial condition, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Private Placement Memorandum.

(i) The CP Notes satisfy the requirements set forth in Rule 144A(d)(3) under the Securities Act.

Section 4. Agreements. The Company agrees with you that:

(a) The Company will promptly deliver to you copies of all (i) filings by the Company with the Securities and Exchange Commission pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, and (ii) all information generally supplied by the Company to its shareholders.

(b) The Company will provide to you as soon as practicable a Private Placement Memorandum containing business and financial information concerning the Company and a description of the CP Notes which (with any amendments and supplements provided by the Company) may be used by you in connection with the sale of the CP Notes until the Company provides you with an updated or revised memorandum (such Private Placement Memorandum, together with any amendments or supplements thereto, including information incorporated therein by reference, if any, is herein referred to as the "Private Placement Memorandum").

(c) If, at any time when you are offering CP Notes or any CP Notes are outstanding, any event occurs or condition exists as a result of which the Private Placement Memorandum as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances when such Private Placement Memorandum is delivered to a purchaser, not misleading, or if, in your opinion or the opinion of the Company, it is necessary at any time to amend or supplement the Private Placement Memorandum as then amended or supplemented to comply with applicable law, the Company will immediately notify you and will prepare and furnish to you a revision or supplement to the Private Placement Memorandum reasonably satisfactory in all respects to you, that will correct such statement or omission or effect such compliance.

(d) The Company will, whether or not any sale of CP Notes is consummated, pay all reasonable expenses incurred by you incident to the performance of its obligations under this Agreement, the CP Notes and the Paying Agency Agreement, including, without limitation, fees and expenses of your counsel.

(e) The Company will notify you promptly in writing of any downgrading, or of its receipt of any notice of any intended or potential downgrading or of any review for a possible change, that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(f) The Company agrees promptly from time to time to take such action as you may reasonably request to qualify the CP Notes for offer and sale under the securities or Blue Sky laws of such jurisdictions as you may reasonably request and to maintain such qualifications for as long as you shall reasonably request. The Company also agrees to reimburse you for any reasonable fees or costs (including fees and disbursements of counsel) incurred in so qualifying the CP Notes.

(g) The Company is currently issuing commercial paper which is offered and sold in the commercial paper market in reliance upon, and in compliance with the requirements of, the exemption provided by Section 3(a)(3) of the Securities Act and the Company expects to continue to do so. In connection with the foregoing, the Company agrees that (i) the proceeds from the sale of the CP Notes will be deposited and kept in a different depository bank account from that which is used for the deposit of the proceeds from the sale of such commercial paper and (ii) appropriate corporate controls will be instituted and maintained to ensure that the proceeds from the sale of CP Notes will be used for purposes which do not meet the "current transactions" requirements of Section 3(a)(3) of the Act and the proceeds from the sale of such commercial paper will be used for purposes which meet such requirements.

(h) The Company will not sell or offer for sale any security (as defined in the Securities Act) which could be integrated with the CP Notes so as to require the registration under the Securities Act of such CP Notes. The Company represents and you agree that its sale of commercial paper under Section 3(a)(3) of the Securities Act under the terms described in Section 4(g) does not constitute a sale of a security that could be integrated with the CP Notes as described herein.

(j) The Company shall not solicit any offer to buy or offer to sell CP Notes by means of any form of general solicitation or general advertising, within the meaning of Rule 502(c) under the Securities Act or otherwise, including: (x) any advertisement, article, notice or other communication published in a magazine or similar medium or broadcast over television or radio; and (y) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(k) The Company also agrees that, as long as the CP Notes are being offered for sale by you as contemplated hereby and until six months after the offer of CP Notes hereunder has been terminated, neither the Company nor any person other than you, Lehman Brothers Inc. ("Lehman Brothers"), or Morgan Stanley & Co. Inc. ("Morgan Stanley") will offer the CP Notes or, except as set forth in paragraph 4(g) above, any substantially similar security of the Company for sale to, or solicit offers to buy thereof from, any other person other than you, Lehman Brothers or Morgan Stanley except with the prior written consent of you, Lehman Brothers or Morgan Stanley, it being understood that this agreement is made with a view to bringing the offer and sale of the CP Notes within the exemption provided in Section 4(2) of the Securities Act and Rule 506 thereunder. The Company also confirms that it has entered into dealer agreements with Lehman Brothers and Morgan Stanley which contain provisions relating to the qualification of prospective investors and manner of offering the CP Notes which are substantially identical to the corresponding provisions in this agreement. The Company agrees that such provisions in its dealer agreements with Lehman Brothers and Morgan Stanley shall not be amended in any material respect without your prior written consent.

(l) In the event that the Company determines to use the proceeds for the purpose of buying, carrying or trading securities including, but not limited to, buying, carrying or trading securities in connection with an acquisition of equity securities of another company, the Company shall give you at least 5 days prior written notice to that effect. The Company shall also give you prompt notice of the actual date that it commences to purchase such securities with the proceeds of commercial paper. Thereafter, in the event that you purchase CP Notes as principal and do not resell such CP Notes on the day of such purchase, you will sell such CP Notes only to persons you reasonably believe to be QIBs or to QIBs you reasonably believe are acting for other QIBs, in each case pursuant to Rule 144A.

(m) The Company will furnish to you such additional information as you may reasonably request.

(n) At any time when the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Company shall make available, upon request, to any holder, beneficial owner or prospective purchaser of any CP Notes the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act and will furnish to you, upon request, copies of such information.

Section 5. Indemnity and Contribution. The Company agrees to (a) indemnify and hold harmless you and each of the partners, officers, directors, employees and agents of GSMMLP or its affiliates, and each person who controls GSMMLP or such affiliate within the meaning of the Act or the Exchange Act (collectively, the "Indemnitees") from and against any and all losses, claims, damages or liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in the Private Placement Memorandum (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, and (b) to reimburse each Indemnitee for all reasonable expenses (including counsel fees) as they are incurred by it in connection with investigating or defending any such loss, claim, damage or liability. The Company's indemnification of you shall not apply insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission based upon information relating to you furnished to the Company in writing by you expressly for use therein. The Company shall not, without your prior written consent, effect any settlement of any pending or threatened proceeding in respect of which you are or could have been a party and indemnity could have been sought hereunder by you, unless such settlement includes an unconditional release of you from all liability on claims that are the subject matter of such proceeding. If the indemnification provided for in this Section 5 is unavailable or insufficient in respect of any losses, claims, damages or liabilities referred to herein, then you, on the one hand, and the Company, on the other hand, shall contribute to the amount paid or payable by you as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative benefits received by you, on the one hand, and the Company, on the other hand, or, if such allocation is not permitted by applicable law, to reflect not only the relative benefits referred to above but also the relative fault of each of the parties and any other relevant equitable considerations. For the purposes of this Section 5, the "relative benefits" received by the Company shall be equal to the aggregate proceeds received by the Company from the CP Notes sold pursuant to this Agreement and the "relative benefits" received by you shall be equal to the aggregate commissions received by you therefrom.

Section 6. Payment and Delivery. (a) Payment for CP Notes sold to or through you pursuant to this Agreement shall be made by you in immediately available funds payable to the Paying Agent for the account of the Company in such manner and at such time as provided in the Paying Agency Agreement, at the offices of the Paying Agent. Delivery of CP Notes sold to or through you hereunder shall be made by the Paying Agent to you (in definitive form payable to the bearer and in such denominations as may be requested by you) by 2:15 p.m. New York time on the date agreed upon for delivery (the "Settlement Date").

(b) In the event the Company shall direct the Paying Agent to cease issuing CP Notes, the Paying Agent shall be instructed by the Company to issue such CP Notes as you shall certify were sold within sixty (60) minutes after your receipt of written notice of such cessation. You agree upon receipt of any such cessation

notice to use your reasonable efforts to immediately cease effecting transactions in CP Notes; provided, however, that this provision shall have no effect with respect to CP Notes purchased by you as principal from the Company.

Section 7. Conditions Precedent to Effectiveness of Dealer Agreement. The following documents shall have been provided to you at or promptly following the execution of this Agreement:

(i) An executed copy of the Paying Agency Agreement.

(ii) A certified copy of resolutions of the Board of Directors of the Company authorizing (i) the issuance of the CP Notes and (ii) the execution and delivery of this Agreement and the Paying Agency Agreement.

(iii) An opinion of counsel to the Company substantially in the form of Exhibit A hereto.

(iv) All other documents reasonably requested by you.

Section 8. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to GSMM LP, will be mailed, delivered or telecopied and confirmed to Goldman Sachs Money Markets, L.P. at 85 Broad Street, New York, New York 10004, Attention: Dessa Bokides, Credit Department, (telecopy number: (212) 363-7609), with a copy to 85 Broad Street, New York, New York 10004, Attention: Joe Ziluca, Commercial Paper Trading Desk, (telecopy number: (212) 902-3022), or, if sent to the Company, will be mailed, delivered, or telecopied and confirmed to the Company at Lilly Corporate Center, Indianapolis, Indiana 46285, Attention: Assistant Treasurer, (telecopy number:(317) 277-3275), or to either of the foregoing parties, or their successors, at such other address as such party or successor may designate from time to time by notice duly given in accordance with the terms of this Section 8 to the other party hereto.

Section 9. Amendments; Successors. (a) This Agreement may be amended or supplemented if, but only if, such amendment or supplement is in writing and is signed by the Company and you. This Agreement is not assignable by either party hereto without the written consent of the other party.

(b) This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the controlling persons referred to in Section 5 and the purchasers of CP Notes (to the extent expressly provided in Section 7), and no other person will have any right or obligation hereunder.

(c) The Company will give you notice of any proposed cancellation, amendment, supplement, waiver or consent to or under the Paying Agency Agreement at least seven (7) days prior to the effective date thereof.

Section 10. Termination. This Agreement may be terminated at any time by either party hereto upon the giving of written notice of such termination to the other party hereto, but without prejudice to any rights, obligations or liabilities of either party hereto accrued or incurred prior to such termination. If this Agreement is terminated, the provisions of Sections 3, 4(d), 4(f), 4(g), 4(h) and 5 shall survive and continue in full force and effect.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

Section 12. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 13. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and you.

Very truly yours,

ELI LILLY AND COMPANY

By _____
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

GOLDMAN SACHS MONEY MARKETS, L.P.
a Delaware limited partnership

By: GSMM Corp., as sole partner

By _____
GSMM Corp. Officer

October 21, 1994

Lehman Brothers Inc.
3 World Financial Center
New York, New York 10285

Dear Sirs:

Eli Lilly and Company, an Indiana corporation (the "Company"), hereby appoints you as its agent for the purpose of soliciting offers to purchase from the Company from time to time its commercial paper notes, maturing not later than nine months from date of issue (the "CP Notes") in an aggregate principal amount outstanding not to exceed the amount authorized from time to time by the Board of Directors of the Company. The CP Notes will be issued under an Issuing and Paying Agency Agreement dated as of October 21, 1994 (the "Paying Agency Agreement"), between the Company and Citibank, N.A., as Issuing and Paying Agent (the "Paying Agent"), and will be issued in denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. The Company may sell CP Notes directly to you as principal for resale to others. The Company understands that this letter does not constitute a commitment or obligation, expressed or implied, on the part of you to purchase any CP Notes from the Company.

Section 1. Issuance and Purchase of the CP Notes. If you and the Company shall agree upon the sale of any CP Notes to or through you (including, but not limited to, agreement with respect to the price, principal amount, maturity and interest or discount rate thereof), (i) instructions to the Paying Agent to complete, authenticate and deliver the CP Notes shall be given in the manner described in the Paying Agency Agreement and (ii) the authentication and delivery to you of such CP Notes by the Paying Agent shall constitute the issuance of such CP Notes by the Company.

Section 2. Offering of the CP Notes; Restrictions on Transfer. (a) You agree with the Company that (i) you will deliver a Private Placement Memorandum (as hereinafter defined) to each prospective investor in the CP Notes prior to the initial offer to purchase a CP Note or CP Notes by such investor, (ii) you will not solicit offers for, or offer or sell, CP Notes by any form of general solicitation or general advertising or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 thereunder, and (iii) you will solicit offers for CP Notes only from, and will offer CP Notes only to, (x) institutional investors that you reasonably believe are "accredited investors" within the meaning of Rule 501(a) under the Securities Act or (y) qualified institutional buyers as defined in Rule 144A under the Securities Act ("QIBs") and who, in purchasing CP Notes, may be deemed to have represented and agreed as provided in paragraphs (1) through (4) of Section 2(b).

(b) Each Private Placement Memorandum shall contain paragraphs in substantially the following form:

"Each purchaser of a CP Note will be deemed to have represented and agreed as follows:

(1) It is a sophisticated institutional investor that is an "accredited investor", as defined in Regulation D under the Securities Act or a QIB; it is purchasing the CP Note for its own account or an account with respect to which it exercises sole investment discretion; if it is acting for another, it confirms that such investor is an institutional "accredited investor" or a QIB; and it is not acquiring the CP Note with a view to, or for sale in connection with, any distribution thereof;

(2) It understands that the CP Note is being offered only in a transaction not involving any public offering within the meaning of the Securities Act, that the purchaser must be prepared to hold the CP Note until maturity, and that, if in the future it decides to resell, pledge or otherwise transfer the CP Note, the CP Note will be resold, pledged or transferred only (i) to you or the Company, (ii) through you to an institutional investor approved by you as an accredited investor or a QIB, (iii) to a QIB in a transaction made under Rule 144A, or (iv) in a transaction previously approved by the Company and you as exempt from registration under the Securities Act.

(3) It understands that the CP Note will bear a legend to the following effect:

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "ACT"), AND INITIAL SALES OF THE NOTES MAY BE MADE ONLY TO INSTITUTIONAL "ACCREDITED INVESTORS" AS DEFINED IN RULE 501(A) UNDER THE ACT OR QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN RULE 144A UNDER THE ACT ("QIB"). BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER (A) REPRESENTS THAT IT IS (I) AN INSTITUTIONAL ACCREDITED INVESTOR OR A FIDUCIARY OR AGENT (OTHER THAN A U.S. BANK OR SAVINGS AND LOAN ASSOCIATION) THAT IS ACTING ON BEHALF OF AN INSTITUTIONAL ACCREDITED INVESTOR AND THAT THE NOTE IS BEING ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION, OR (II) A QIB ACTING ON BEHALF OF ITSELF OR ANOTHER QIB (AND, IF IT IS A QIB, ACKNOWLEDGES THAT IT IS AWARE THAT THE SELLER MAY RELY ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE ACT PURSUANT TO RULE 144A) AND (B) AGREES THAT ANY RESALE OF THE NOTE WILL BE MADE ONLY IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT AND ONLY TO (I) LEHMAN BROTHERS INC. ("LEHMAN BROTHERS"), GOLDMAN SACHS MONEY MARKETS, L.P. ("GSMM LP"), MORGAN STANLEY & CO. INCORPORATED ("MORGAN STANLEY") OR TO ELI LILLY AND COMPANY (THE "COMPANY"), OR THROUGH LEHMAN BROTHERS, GSMM LP OR MORGAN STANLEY TO AN INSTITUTIONAL ACCREDITED INVESTOR OR A QIB, (II) TO A QIB IN A TRANSACTION MADE UNDER RULE 144A, OR (III) IN A TRANSACTION PREVIOUSLY APPROVED BY THE COMPANY AS EXEMPT FROM REGISTRATION UNDER THE ACT.

(4) It has received the Private Placement Memorandum and has had full opportunity to request from the Company and to review, and has received, all additional information necessary to verify the accuracy of the information therein that the Company could provide without unreasonable effort or expense."

Section 3. Representations and Warranties. The Company represents and warrants to you as of the date hereof, as of each date on which you solicit offers to purchase CP Notes, as of each date on which the Company accepts an offer to purchase CP Notes (including any purchase by you as principal), as of each date the Company issues and sells CP Notes and as of each date the Private Placement Memorandum (as hereinafter defined) is amended or supplemented, as follows (it being understood that such representations and warranties shall be deemed to relate to the Private Placement Memorandum as amended and supplemented to each such date):

(a) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and has full power and authority to execute, deliver and perform this Agreement, the CP Notes and the Paying Agency Agreement.

(b) The CP Notes have been duly authorized and, when executed and authenticated in accordance with the Paying Agency Agreement and delivered to and paid for by the purchasers thereof, will be entitled to the benefits of the Paying Agency Agreement and will be valid and binding obligations of the Company, enforceable in accordance with their respective terms except that (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(c) This Agreement has been duly authorized, executed and delivered by the Company.

(d) The Paying Agency Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms except that

(i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(e) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the CP Notes and the Paying Agency Agreement will not contravene any provision of applicable law or the articles of incorporation or by-laws of the Company or any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of or qualification with any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, the CP Notes and the Paying Agency Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the CP Notes.

(f) The issuance and sale of the CP Notes under the circumstances contemplated hereby and by the Paying Agency Agreement do not require registration of the CP Notes under the Securities Act, pursuant to the exemption from registration contained in Section 4(2) thereof and do not require compliance with any provision of the Trust Indenture Act of 1939, as amended.

(g) The Company is not an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

(h) There has not been any material adverse change in the financial condition, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Private Placement Memorandum.

(i) The CP Notes satisfy the requirements set forth in Rule 144A(d)(3) under the Securities Act.

Section 4. Agreements. The Company agrees with you that:

(a) The Company will promptly deliver to you copies of all (i) filings by the Company with the Securities and Exchange Commission pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, and (ii) all information generally supplied by the Company to its shareholders.

(b) The Company will provide to you as soon as practicable a Private Placement Memorandum containing business and financial information concerning the Company and a description of the CP Notes which (with any amendments and supplements provided by the Company) may be used by you in connection with the sale of the CP Notes until the Company provides you with an updated or revised memorandum (such Private Placement Memorandum, together with any amendments or supplements thereto, including information incorporated therein by reference, if any, is herein referred to as the "Private Placement Memorandum").

(c) If, at any time when you are offering CP Notes or any CP Notes are outstanding, any event occurs or condition exists as a result of which the Private Placement Memorandum as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances when such Private Placement Memorandum is delivered to a purchaser, not misleading, or if, in your opinion or the opinion of the Company, it is necessary at any time to amend or supplement the Private Placement Memorandum as then amended or supplemented to comply with applicable law, the Company will immediately notify you and will prepare and furnish to you a revision or supplement to the Private Placement Memorandum reasonably satisfactory in all respects to you, that will correct such statement or omission or effect such compliance.

(d) The Company will, whether or not any sale of CP Notes is consummated, pay all reasonable expenses incurred by you incident to the performance of its obligations under this Agreement, the CP Notes and the Paying Agency Agreement, including, without limitation, fees and expenses of your counsel.

(e) The Company will notify you promptly in writing of any downgrading, or of its receipt of any notice of any intended or potential downgrading or of any review for a possible change, that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(f) The Company agrees promptly from time to time to take such action as you may reasonably request to qualify the CP Notes for offer and sale under the securities or Blue Sky laws of such jurisdictions as you may reasonably request and to maintain such qualifications for as long as you shall reasonably request. The Company also agrees to reimburse you for any reasonable fees or costs (including fees and disbursements of counsel) incurred in so qualifying the CP Notes.

(g) The Company is currently issuing commercial paper which is offered and sold in the commercial paper market in reliance upon, and in compliance with the requirements of, the exemption provided by Section 3(a)(3) of the Securities Act and the Company expects to continue to do so. In connection with the foregoing, the Company agrees that (i) the proceeds from the sale of the CP Notes will be deposited and kept in a different depository bank account from that which is used for the deposit of the proceeds from the sale of such commercial paper and (ii) appropriate corporate controls will be instituted and maintained to ensure that the proceeds from the sale of CP Notes will be used for purposes which do not meet the "current transactions" requirements of Section 3(a)(3) of the Act and the proceeds from the sale of such commercial paper will be used for purposes which meet such requirements.

(h) The Company will not sell or offer for sale any security (as defined in the Securities Act) which could be integrated with the CP Notes so as to require the registration under the Securities Act of such CP Notes. The Company represents and you agree that its sale of commercial paper under Section 3(a)(3) of the Securities Act under the terms described in Section 4(g) does not constitute a sale of a security that could be integrated with the CP Notes as described herein.

(j) The Company shall not solicit any offer to buy or offer to sell CP Notes by means of any form of general solicitation or general advertising, within the meaning of Rule 502(c) under the Securities Act or otherwise, including: (x) any advertisement, article, notice or other communication published in a magazine or similar medium or broadcast over television or radio; and (y) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(k) The Company also agrees that, as long as the CP Notes are being offered for sale by you as contemplated hereby and until six months after the offer of CP Notes hereunder has been terminated, neither the Company nor any person other than you, Goldman Sachs Money Markets, L.P. ("GSMM LP"), or Morgan Stanley & Co. Incorporated ("Morgan Stanley") will offer the CP Notes or, except as set forth in paragraph 4(g) above, any substantially similar security of the Company for sale to, or solicit offers to buy thereof from, any other person other than you, GSMM LP or Morgan Stanley except with the prior written consent of you, GSMM LP or Morgan Stanley, it being understood that this agreement is made with a view to bringing the offer and sale of the CP Notes within the exemption provided in Section 4(2) of the Securities Act and Rule 506 thereunder. The Company also confirms that it has entered into dealer agreements with GSMM LP and Morgan Stanley which contain provisions relating to the qualification of prospective investors and manner of offering the CP Notes which are substantially identical to the corresponding provisions in this agreement. The Company agrees that such provisions in its dealer agreements with GSMM LP and Morgan Stanley shall not be amended in any material respect without your prior written consent.

(l) In the event that the Company determines to use the proceeds for the purpose of buying, carrying or trading securities including, but not limited to, buying, carrying or trading securities in connection with an acquisition of equity securities of another company, the Company shall give you at least 5 days prior written notice to that effect. The Company shall also give you prompt notice of the actual date that it commences to purchase such securities with the proceeds of commercial paper. Thereafter, in the event that you purchase CP Notes as principal and do not resell such CP Notes on the day of such purchase, you will sell such CP Notes only to persons you reasonably believe to be QIBs or to QIBs you reasonably believe are acting for other QIBs, in each case pursuant to Rule 144A.

(m) The Company will furnish to you such additional information as you may reasonably request.

(n) At any time when the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Company shall make available, upon request, to any holder, beneficial owner or prospective purchaser of any CP Notes the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act and will furnish to you, upon request, copies of such information.

Section 5. Indemnity and Contribution. The Company agrees to (a) indemnify and hold harmless you and each person, if any, who controls you within the meaning of either Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended, from and against any and all losses, claims, damages or liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in the Private Placement Memorandum (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, and (b) to reimburse you for all reasonable expenses (including counsel fees) as they are incurred by you in connection with investigating or defending any such loss, claim, damage or liability. The Company's indemnification of you shall not apply insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission based upon information relating to you furnished to the Company in writing by you expressly for use therein. The Company shall not, without your prior written consent, effect any settlement of any pending or threatened proceeding in respect of which you are or could have been a party and indemnity could have been sought hereunder by you, unless such settlement includes an unconditional release of you from all liability on claims that are the subject matter of such proceeding. If the indemnification provided for in this Section 5 is unavailable or insufficient in respect of any losses, claims, damages or liabilities referred to herein, then you, on the one hand, and the Company, on the other hand, shall contribute to the amount paid or payable by you as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative benefits received by you, on the one hand, and the Company, on the other hand, or, if such allocation is not permitted by applicable law, to reflect not only the relative benefits referred to above but also the relative fault of each of the parties and any other relevant equitable considerations. For the purposes of this Section 5, the "relative benefits" received by the Company shall be equal to the aggregate proceeds received by the Company from the CP Notes sold pursuant to this Agreement and the "relative benefits" received by you shall be equal to the aggregate commissions received by you therefrom.

Section 6. Payment and Delivery. (a) Payment for CP Notes sold to or through you pursuant to this Agreement shall be made by you in immediately available funds payable to the Paying Agent for the account of the Company in such manner and at such time as provided in the Paying Agency Agreement, at the offices of the Paying Agent. Delivery of CP Notes sold to or through you hereunder shall be made by the Paying Agent to you (in definitive form payable to the bearer and in such denominations as may be requested by you) by 2:15 p.m. New York time on the date agreed upon for delivery (the "Settlement Date").

(b) In the event the Company shall direct the Paying Agent to cease issuing CP Notes, the Paying Agent shall be instructed by the Company to issue such CP Notes as you shall certify were sold within sixty (60) minutes after your receipt of written notice of such cessation. You agree upon receipt of any such cessation

notice to use your reasonable efforts to immediately cease effecting transactions in CP Notes; provided, however, that this provision shall have no effect with respect to CP Notes purchased by you as principal from the Company.

Section 7. Conditions Precedent to Effectiveness of Dealer Agreement. The following documents shall have been provided to you at or promptly following the execution of this Agreement:

(i) An executed copy of the Paying Agency Agreement.

(ii) A certified copy of resolutions of the Board of Directors of the Company authorizing (i) the issuance of the CP Notes and (ii) the execution and delivery of this Agreement and the Paying Agency Agreement.

(iii) An opinion of counsel to the Company substantially in the form of Exhibit A hereto.

(iv) All other documents reasonably requested by you.

Section 8. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to Lehman Brothers, will be mailed, delivered or telecopied and confirmed to Lehman Brothers Inc., at 3 World Financial Center, New York, New York 10258 Attention: Product Management, (teletype number: (212) 528-6669), or, if sent to the Company, will be mailed, delivered, or telecopied and confirmed to the Company at Lilly Corporate Center, Indianapolis, Indiana 46285, Attention: Assistant Treasurer, (teletype number: (317) 277-3275), or to either of the foregoing parties, or their successors, at such other address as such party or successor may designate from time to time by notice duly given in accordance with the terms of this Section 8 to the other party hereto.

Section 9. Amendments; Successors. (a) This Agreement may be amended or supplemented if, but only if, such amendment or supplement is in writing and is signed by the Company and you. This Agreement is not assignable by either party hereto without the written consent of the other party.

(b) This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the controlling persons referred to in Section 5 and the purchasers of CP Notes (to the extent expressly provided in Section 7), and no other person will have any right or obligation hereunder.

(c) The Company will give you notice of any proposed cancellation, amendment, supplement, waiver or consent to or under the Paying Agency Agreement at least seven (7) days prior to the effective date thereof.

Section 10. Termination. This Agreement may be terminated at any time by either party hereto upon the giving of written notice of such termination to the other party hereto, but without prejudice to any rights, obligations or liabilities of either party hereto accrued or incurred prior to such termination. If this Agreement is terminated, the provisions of Sections 3, 4(d), 4(f), 4(g), 4(h) and 5 shall survive and continue in full force and effect.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

Section 12. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 13. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and you.

Very truly yours,

ELI LILLY AND COMPANY

By _____
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

LEHMAN BROTHERS INC.

By _____
Title:

October 28, 1994

Mr. T.C. Schroeder
Assistant Treasurer
Eli Lilly and Company
Lilly Corporate Center
Indianapolis, IN 46285

Dear Mr. Schroeder:

I am pleased to provide this letter setting forth the commitment of Morgan Stanley & Co. Incorporated ("Morgan Stanley") with respect to the financing of Eli Lilly and Company ("Lilly") in connection with Lilly's acquisition (the "Acquisition") of the PCS Health Systems unit ("PCS") of McKesson Corp.

It is our understanding that Lilly intends to finance the initial funding of its acquisition of PCS with the proceeds associated with the sale of commercial paper. It also is our understanding that Lilly intends to raise up to \$4 billion through the issuance of such commercial paper ("CP") through a program exempt from Securities and Exchange Commission (the "SEC") registration pursuant to Section 4(2) of the Securities Act of 1933 (the "Securities Act").

We are prepared to make the following commitment:

We will underwrite, pursuant to the dealer agreement between Morgan Stanley and Lilly of October 21, 1994, no less than one-third of the required CP not previously sold to qualified investors, but no more than \$1.5 billion of face amount of CP which you have stated can carry a maturity of one (1) day. In the event Lilly requires additional CP on the day of closing, we will consider (in our discretion) increasing the amount of CP we will underwrite beyond the above-stated \$1.5 billion amount. We will deliver good funds for the entire amount that Lilly has instructed us to issue no later than 10 a.m. (New York City time) on the date of initial issuance. It is understood that we make no commitment with respect to the pricing of the CP that we underwrite.

Lilly agrees that the above commitment is contingent upon the following terms and conditions:

a) Prior to the day of issuance of the CP:

(i) there shall not have occurred any change, in the financial condition, business or operations of Lilly and its subsidiaries, taken as a whole, from that set forth in Lilly's most recent publicly available financial statements filed with the SEC pursuant to the Securities Exchange Act of 1934 (other than resulting from the Acquisition), the effect of which is in our judgment so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the CP on the terms and in the manner contemplated in the dealer agreement which provides for and is associated with the issuance of the CP; and

(ii) on or after the date hereof (x) no downgrading shall have occurred in the rating accorded Lilly's debt securities (other than long-term debt) by any "nationally recognized statistical rating organization," as that term is defined by the SEC for purposes of Rule 436(g)(2) under the Securities Act; (y) Lilly's long-term debt ratings, which are currently under review with negative implications, do not fall below the equivalent of A+ at one or more of such organizations and; (z) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of Lilly's debt securities (other than long-term debt).

b) Morgan Stanley shall have received no later than 8:30 a.m. (New York City time) on the day of issuance notice as to the amount of CP to be purchased as principal;

c) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading Lilly's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York or Indiana State authorities; or (iv) the outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war if the effect of any such event specified in this paragraph (c) in our judgment makes it impracticable or inadvisable to proceed with the offering or the delivery of the CP on the terms and in the manner contemplated in the dealer agreement;

d) Each condition precedent to the placement of the CP set forth in the dealer agreement shall have been met on or prior to the time of issuance of the CP;

e) The offering shall be exempt from SEC registration pursuant to Section 4(2) of the Securities Act;

f) Agreement upon the price and maturity of the CP; and

g) The Acquisition shall be consummated on a basis substantially consistent with the description of the Acquisition contained in the draft private placement memorandum dated October 27, 1994 relating to the CP.

Our commitment set forth above is valid and binding up until and through the morning of December 31, 1994, at which time the commitment may be renewed at our option for a number of days to be determined at time of renewal. I hope this letter is responsive to your request. We very much look forward to working with you in this effort.

Very truly yours,

Morgan Stanley & Co. Incorporated

By: _____

October 27, 1994

Mr. Edwin W. Miller
Vice President & Treasurer
Ms. Cindy L. Lucchese
Manager Worldwide Treasury Planning
Mr. Ralph L. Harding
Manager of Treasury Operations
Eli Lilly and Company
Lilly Corporate Center
Indianapolis, IN 46285

Dear Ed, Cindy and Ralph:

I am pleased to provide this letter setting forth the commitment of Goldman Sachs Money Markets, L.P. ("Goldman"), with respect to the financing of Eli Lilly and Company ("Lilly") in connection with Lilly's acquisition (the "Acquisition") of the PCS Health Systems unit ("PCS") of McKesson Corp.

It is our understanding that Lilly intends to finance the initial funding of its acquisition of PCS with the proceeds associated with the sale of commercial paper. It also is our understanding that Lilly intends to raise up to \$4 billion through the issuance of such commercial paper ("CP") through a program exempt from Securities and Exchange Commission (the "SEC") registration pursuant to Section 4 (2) of the Securities Act of 1933 (the "Securities Act"). Issuance pursuant to such exemption enables Goldman to act as principal and to inventory or hold for its own account such CP, if required.

We are prepared to make the following commitment:

We will underwrite no less than one-third of the required CP not previously sold to qualified investors, but no more than \$1.5 billion of face amount of CP which you have stated can carry a maturity of one (1) day. In the event Lilly requires additional CP on the day of closing, we will consider (in our discretion) increasing the amount of CP we will underwrite beyond the above-stated \$1.5 billion amount. We agree to initiate the transfer of funds for an amount up to our commitment, less applicable commissions, with the intent to provide for the delivery of good funds no later than 10:00 a.m. New York City time on the day of closing.

Lilly agrees that the above commitment is contingent upon the following terms and conditions:

a) Prior to the day of issuance of the CP:

(i) there shall not have occurred any change, in the financial condition, business or operations of Lilly and its subsidiaries, taken as a whole, from that set forth in Lilly's most recent publicly available financial statements filed with the SEC pursuant to the Securities Exchange Act of 1934 (other than resulting from the Acquisition), the effect of which is in our judgment so material and adverse so as to make it impracticable or inadvisable to proceed with the offering or the delivery of the CP on the terms and in the manner contemplated in the dealer agreement which provides for and is associated with the Issuance of the CP; and

(ii) on or after the date hereof (x) no downgrading shall have occurred in the rating accorded Lilly's debt securities (other than long-term debt) by any "nationally recognized statistical rating organization," as that term is defined by the SEC for purposes of Rule 436 (g) (2) under the Securities Act; (y) Lilly's long-term debt ratings, which are currently under review with negative implications, do not fall below the equivalent of A+ at one or more of such organizations and; (z) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of Lilly's debt securities (other than long-term debt).

b) Goldman shall have received no later than 8:30 a.m. (New York City time) on the day of issuance notice as to the amount of CP to be purchased as principal;

c) On or after the date hereof there shall not have occurred and be continuing any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading Lilly's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York or Indiana State authorities; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war if the effect of any such event specified in this Clause (iv) in our judgment makes it impracticable or inadvisable to proceed with the offering or the delivery of the CP on the terms and in the manner contemplated in the dealer agreement;

d) Each condition precedent to the placement of the CP set forth in the dealer agreement shall have been met on or prior to the time of issuance of the CP.

Our commitment set forth above is valid and binding up until and through the morning of December 31, 1994, at which time the commitment may be renewed at our option for a number of days to be determined at time of renewal. Except as modified by this letter, the terms of the dealer agreement will govern the purchase and placement of the CP.

I hope this letter is responsive to your request. We very much look forward to working with you in this effort.

Very truly yours,

John P. Curtin, Jr.
Chairman

October 26, 1994

Mr. T.C. Schroeder
Assistant Treasurer
Eli Lilly and Company
Lilly Corporate Center
Indianapolis, IN 46285

Dear Mr. Schroeder:

I am pleased to provide this letter setting forth the commitment of Lehman Brothers Inc. with respect to the financing of Eli Lilly and Company ("Lilly") in connection with Lilly's acquisition (the "Acquisition") of the PCS Health Systems unit ("PCS") of McKesson Corp.

It is our understanding that Lilly intends to finance the initial funding of its acquisition of PCS with the proceeds associated with the sale of commercial paper. It also is our understanding that Lilly intends to raise up to \$4 billion through the issuance of such commercial paper ("CP") through a program exempt from Securities and Exchange Commission (the "SEC") registration pursuant to Section 4(2) of the Securities Act of 1933 (the "Securities Act"). Issuance pursuant to such exemption enables Dealer to act as principal and to inventory or hold for its own account such CP, if required.

We are prepared to make the following commitment:

We will underwrite, pursuant to the dealer agreement between Lehman Brothers, Inc. and Lilly of October 21, 1994, no less than one-third of the required CP not previously sold to qualified investors, but no more than \$1.5 billion of the face amount of CP which you have stated can carry a maturity of one (1) day. In the event Lilly requires additional CP on the day of closing, we will consider (in our discretion) increasing the amount of CP we will underwrite beyond the above-stated \$1.5 billion amount. We will deliver good funds for the entire amount that Lilly has instructed us to issue no later than 10 a.m. (New York City time) on the date of initial issuance.

Lilly agrees that the above commitment is contingent upon the following terms and conditions:

a) Prior to the day of issuance of the CP:

(i) there shall not have occurred any change, in the financial condition, business or operations of Lilly and its subsidiaries, taken as a whole, from that set forth in Lilly's most recent publicly available financial statements filed with the SEC pursuant to the Securities Exchange Act of 1933 (other than resulting from the Acquisition), the effect of which is in our judgment so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the CP on the terms and in the manner contemplated in the Dealer agreement which provides for and is associated with the Issuance of the CP; and

(ii) on or after the date hereof (x) no downgrading shall have occurred in the rating accorded Lilly's debt securities (other than long-term debt) any "nationally recognized statistical rating organization," as that term is defined by the SEC for purposes of Rule 436(g)(2) under the Securities Act; (y) Lilly's long-term debt ratings, which are currently under review with negative implications, do not fall below the equivalent of A+ at one or more of such organizations and; (z) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any Lilly's debt securities (other than long-term debt).

b) Lehman Brothers, Inc. shall have received no later than 8:30 a.m. (New York City time) on the day of issuance notice as to the amount of CP to be purchased as principal;

c) On or after the date hereof there shall not have occurred and be continuing any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading Lilly's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York or Indiana State authorities; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war if the effect of any such event specified in this Clause (iv) in our judgment makes it impracticable or inadvisable to proceed with the offering or the delivery of the CP on the terms and in the manner contemplated in the dealer agreement;

d) Each condition precedent to the placement of the CP set forth in the dealer agreement shall have been met on or prior to the time of issuance of the CP.

Our commitment set forth above is valid and binding up until and through the morning of December 31, 1994, at which time the commitment may be renewed at our option for a number of days to be determined at time of renewal. I hope this letter is responsive to your request. We very much look forward to working with you in this effort.

Very truly yours,

COMPETITIVE ADVANCE AND
REVOLVING CREDIT FACILITY AGREEMENT

(5-YEAR FACILITY)

DATED AS OF OCTOBER 24, 1994

AMONG

ELI LILLY AND COMPANY,

THE LENDERS NAMED HEREIN,

CHEMICAL BANK, AS ADMINISTRATIVE AGENT

AND

CITICORP USA, INC., AS ADMINISTRATIVE AGENT

TABLE OF CONTENTS

ARTICLE/SECTION	PAGE
I. DEFINITIONS.....	4
1.01. Defined Terms.....	4
1.02. Terms Generally.....	12
II. THE CREDITS.....	13
2.01. Commitments.....	13
2.02. Loans.....	13
2.03. Competitive Bid Procedure.....	14
2.04. Standby Borrowing Procedure.....	16
2.05. Conversion and Continuation of Standby Loans.....	16
2.06. Fees.....	17
2.07. Repayment of Loans; Evidence of Debt.....	17
2.08. Interest on Loans.....	17
2.09. Default Interest.....	18
2.10. Alternate Rate of Interest.....	18
2.11. Termination and Reduction of Commitments.....	18
2.12. Prepayment.....	19
2.13. Reserve Requirements; Change in Circumstances.....	19
2.14. Change in Legality.....	20
2.15. Indemnity.....	20
2.16. Pro Rata Treatment.....	21
2.17. Sharing of Setoffs.....	21
2.18. Payments.....	22
2.19. Taxes.....	22
Duty to Mitigate; Assignment of Commitments Under Certain	
2.20. Circumstances.....	24
[2.21. Extention of Maturity Date.....	24]
III. REPRESENTATIONS AND WARRANTIES.....	24
3.01. Organization; Powers.....	24
3.02. Authorization.....	25
3.03. Enforceability.....	25
3.04. Governmental Approvals.....	25
3.05. Financial Statements.....	25
3.06. Litigation; Compliance with Laws.....	25
3.07. Federal Reserve Regulations.....	26
3.08. Use of Proceeds.....	26
3.09. Taxes.....	26
3.10. Employee Benefit Plans.....	26
3.11. Environmental and Safety Matters.....	26
IV. CONDITIONS OF LENDING.....	26
4.01. All Borrowings.....	26
4.02. Closing Date.....	27
V. COVENANTS.....	27
5.01. Existence.....	27
5.02. Business and Properties.....	27
5.03. Financial Statements, Reports, Etc.....	28
5.04. Insurance.....	28
5.05. Obligations and Taxes.....	28
5.06. Litigation and Other Notices.....	28

ARTICLE/SECTION -----	PAGE -----
5.07. Consolidations, Mergers, and Sales of Assets.....	29
5.08. Ratio of Funded Debt to Total Capitalization.....	29
5.09. Liens.....	29
5.10. Limitations on Sale and Leaseback.....	30
VI. EVENTS OF DEFAULT.....	30
VII. THE ADMINISTRATIVE AGENTS.....	32
VIII. MISCELLANEOUS.....	34
8.01. Notices.....	34
8.02. Survival of Agreement.....	34
8.03. Binding Effect.....	34
8.04. Successors and Assigns.....	34
8.05. Expenses; Indemnity	36
8.06. Applicable Law.....	37
8.07. Waivers; Amendment.....	37
8.08. Entire Agreement.....	37
8.09. Severability.....	37
8.10. Counterparts.....	37
8.11. Headings.....	37
8.12. Right of Setoff.....	37
8.13. Jurisdiction; Consent to Service of Process.....	38
8.14. Waiver of Jury Trial.....	38

EXHIBITS AND SCHEDULES

Exhibit A-1	Form of Competitive Bid Request
Exhibit A-2	Form of Notice of Competitive Bid Request
Exhibit A-3	Form of Competitive Bid
Exhibit A-4	Form of Competitive Bid Accept/Reject Letter
Exhibit A-5	Form of Standby Borrowing Request
Exhibit B	Form of Assignment and Acceptance
Exhibit C	Form of Opinion of Counsel for Eli Lilly and Company
Exhibit D	Form of Administrative Questionnaire
Exhibit E	Form of Notice of Termination of Existing Lines of Credit
Exhibit F	Form of Notice of Compliance with Conditions to Closing
Schedule 2.01	Commitments
Schedule 4.02	Credit Facilities to be Terminated

COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY AGREEMENT (the "Agreement") dated as of October 24, 1994, among ELI LILLY AND COMPANY, an Indiana corporation (the "Borrower"), the lenders listed in Schedule 2.01 (the "Lenders"), CHEMICAL BANK, a New York banking corporation, as administrative agent for the Lenders (in such capacity, "Chemical"), and CITICORP USA, INC., as administrative agent for the Lenders (in such capacity, "Citicorp USA"; Chemical and Citicorp USA are referred to herein individually as an "Administrative Agent" and collectively as the "Administrative Agents") and as competitive facility advance agent (in such capacity, the "Advance Agent").

The Lenders have been requested to extend credit to the Borrower (such term and each other capitalized term used but not defined herein having the meaning assigned to it in Article I) to enable it to borrow on a standby revolving credit basis on and after the date hereof and at any time and from time to time prior to the Maturity Date a principal amount not in excess of \$1,000,000,000 at any time outstanding. The Lenders have also been requested 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 proceeds of such borrowings are to be used for working capital and other general corporate purposes (other than hostile acquisitions), including commercial paper backup. The Lenders are willing to extend such credit on the terms and subject to the conditions herein set forth.

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 Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

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

"Administrative Questionnaire" shall mean an administrative questionnaire delivered by a Lender pursuant to Section 8.04(e) in the form of Exhibit D.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly or indirectly controls or is controlled by or is under common control with the person specified.

"Alternate Base Rate" shall mean, for any day, a rate per annum equal to the greater of (a) the rate of interest per annum publicly announced from time to time by Citibank, N.A. as its base rate in effect at its principal office in New York City and (b) 1/2 of one percent per annum above the Federal Funds Effective Rate. If for any reason Citibank, N.A. shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the rate specified in clause (b) of the first sentence of this definition for any reason, including the inability or failure of Citibank, N.A. to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate shall be effective on the effective date of any change in such rate.

"Applicable Margin" shall mean on any date, with respect to Eurodollar Loans, the applicable percentage set forth below based upon the Ratings in effect on such date:

CATEGORY 1	
Aaa or higher by Moody's;	
AAA or higher by S&P.....	.105%
CATEGORY 2	
Aa3 or higher but lower than Aaa by Moody's;	
AA- or higher but lower than AAA by S&P.....	.115%
CATEGORY 3	
A3 or higher but lower than Aa3 by Moody's;	
A- or higher but lower than AA- by S&P.....	.150%
CATEGORY 4	
Baa2 or higher but lower than A3 by Moody's;	
BBB or higher but lower than A- by S&P.....	.200%
CATEGORY 5	
Lower than Baa2 by Moody's;	
Lower than BBB by S&P.....	.225%

For purposes of the foregoing, (i) if either Moody's or S&P shall not have in effect a Rating (other than by reason of the circumstances referred to in the penultimate sentence of this definition), then such Rating Agency shall be deemed to have established a rating in Category 5; (ii) if the Ratings shall fall within different Categories, the Applicable Margin shall be based upon the higher of the two Ratings, and (iii) if any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change in the Applicable Margin shall apply to all outstanding Eurodollar Loans 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 any Rating Agency shall change, or if any Rating Agency shall cease to be in the business of rating corporate debt obligations or shall not have in effect a Rating for reasons outside the control of the Borrower, the parties hereto shall negotiate in good faith to amend this definition to reflect such changed rating system or the absence of such Rating, and pending the effectiveness of any such amendment the Applicable Margin shall be determined by reference to the Rating from the other Rating Agency. The Applicable Margin determined as provided above shall be increased by .050% for any date on which (a) the Applicable Margin is determined by reference to Category 3, Category 4 or Category 5 and (b) the average principal amount of Loans outstanding during the most recently completed period of 30 days exceeded 50% of the average amount of the Commitments in effect during such period (the amount of such increase being called the "Utilization Fee").

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee in the form of Exhibit B.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Board of Directors" shall mean the Board of Directors of the Borrower or any duly authorized committee thereof.

"Borrowing" shall mean a group of Loans of a single Type made by the Lenders (or, in the case of a Competitive Borrowing, by the Lender or Lenders whose Competitive Bids have been accepted pursuant to Section 2.03) on a single date and as to which a single Interest Period is in effect.

"Business Day" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; 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, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"A Change in Control" shall be deemed to have occurred if (a) any person or group of persons (other than (i) the Borrower, (ii) any subsidiary of the Borrower, (iii) any employee or director benefit plan or stock plan of the Borrower or a subsidiary of the Borrower or any trustee or fiduciary with respect to any such plan when acting in that capacity or any trust related to any such plan or (iv) Lilly Endowment, Inc.) shall have acquired beneficial ownership of shares representing more than 20% of the combined voting power represented by the outstanding Voting Shares of the Borrower (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder) including, for this purpose, shares that would constitute Voting Shares but for the application of the Indiana Control Share Statute, or (b) during any period of 12 consecutive months, commencing before or after the date of this Agreement, individuals who on the first day of such period were directors of the Borrower (together with any replacement or additional directors who were nominated or elected by a majority of directors then in office) cease to constitute a majority of the Board of Directors of the Borrower.

"Closing Date" shall mean October 24, 1994.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Commitment" shall mean, with respect to each Lender, the commitment of such Lender hereunder as set forth in Schedule 2.01 hereto or in an Assignment and Acceptance delivered by such Lender under Section 8.04 as such Lender's Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.11 or pursuant to one or more assignments under Section 8.04. The Commitment of each Lender shall automatically and permanently terminate on the Maturity Date if not terminated earlier pursuant to the terms hereof.

"Competitive Bid" shall mean an offer by a Lender to make a Competitive Loan pursuant to Section 2.03.

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

"Competitive Bid Rate" shall mean, as to any Competitive Bid, (i) in the case of a Eurodollar Loan, the Margin, and (ii) 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 pursuant to Section 2.03 in the form of Exhibit A-1.

"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 under the bidding procedure described in Section 2.03.

"Competitive Loan" shall mean a Loan made pursuant to the bidding procedure described in Section 2.03. Each Competitive Loan shall be a Eurodollar Competitive Loan or a Fixed Rate Loan.

"Consolidated Net Tangible Assets" shall mean the total amount of assets (less applicable reserves and other properly deductible items) after deducting (1) all current liabilities (excluding the amount of those which are by their terms extendable or renewable at the option of the obligor to a date more than 12 months after the date as of which the amount is being determined) and (2) all goodwill, tradenames, trademarks,

patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent balance sheet of the Borrower and its consolidated subsidiaries and determined 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.

"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.

"Environmental and Safety Laws" shall mean any and all applicable current and future treaties, laws, regulations, enforceable requirements, binding determinations, orders, decrees, judgments, injunctions, permits, approvals, authorizations, licenses, permissions, notices or binding agreements issued, promulgated or entered by any Governmental Authority, relating to the environment, to employee health or safety as it pertains to the use or handling of, or exposure to, Hazardous Substances, to preservation or reclamation of natural resources or to the management, release or threatened release of contaminants or noxious odors, including the Hazardous Materials Transportation Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984, the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, the Clean Air Act of 1970, as amended, the Toxic Substances Control Act of 1976, the Occupational Safety and Health Act of 1970, as amended, the Emergency Planning and Community Right-to-Know Act of 1986, the Safe Drinking Water Act of 1974, as amended, and any similar or implementing state law and all amendments or regulations promulgated thereunder.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be 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 of the Code.

"ERISA Termination Event" shall mean (i) a "Reportable Event" described in Section 4043 of ERISA and the regulations issued thereunder (other than a "Reportable Event" not subject to the provision for 30-day notice to the PBGC under such regulations), or (ii) the withdrawal of a Borrower or any of its ERISA Affiliates from a "single employer" Plan during a plan year in which it was a "substantial employer", both of such terms as defined in Section 4001(a) of ERISA, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or (vi) the partial or complete withdrawal of the Borrower or any ERISA Affiliate of the Borrower from a Multiemployer Plan as defined in Section 4001(a)(3) of ERISA.

"Eurodollar Borrowing" shall mean a Borrowing comprised of Eurodollar Loans.

"Eurodollar Competitive Loan" shall mean any Competitive Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Eurodollar Loan" shall mean any Eurodollar Competitive Loan or Eurodollar Standby Loan.

"Eurodollar Standby Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Article VI.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Facility B Credit Agreement" shall mean the \$3,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated the date hereof among the parties hereto.

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

"Facility Fee Percentage" shall mean on any date the applicable percentage set forth below based upon the Ratings in effect on such date:

	FACILITY FEE PERCENTAGE -----
CATEGORY 1	
Aaa or higher by Moody's; AAA or higher by S&P.....	.075%
CATEGORY 2	
Aa3 or higher but lower than Aaa by Moody's; AA- or higher but lower than AAA by S&P.....	.085%
CATEGORY 3	
A3 or higher but lower than Aa3 by Moody's; A- or higher but lower than AA- by S&P.....	.100%
CATEGORY 4	
Baa2 or higher but lower than A3 by Moody's; BBB or higher but lower than A- by S&P.....	.150%
CATEGORY 5	
Lower than Baa2 by Moody's; lower than BBB by S&P.....	.225%

For purposes of the foregoing, (i) if either Moody's or S&P shall not have in effect a Rating (other than by reason of the circumstances referred to in the last sentence of this definition), then such Rating Agency shall be deemed to have established a rating in Category 5; (ii) if the Ratings shall fall within different Categories, the Facility Fee Percentage shall be based upon the higher of the two Ratings, and (iii) if any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change with respect to the Borrower shall apply at any time 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 any Rating Agency shall change, or if any Rating Agency shall cease to be in the business of rating corporate debt obligations or shall not have in effect a Rating for reasons outside the control of the Borrower, the parties hereto shall negotiate in good faith to amend this definition to reflect such changed rating system or the absence of such Rating, and pending the effectiveness of any such amendment the Facility Fee Percentage shall be determined by reference to the Rating from the other Rating Agency.

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

"Fees" shall mean the Facility Fee, the Administrative Fees and the Utilization Fee.

"Financial Officer" of any corporation shall mean the chief financial officer, principal accounting officer or treasurer of such corporation.

"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.

"Funded Debt" shall mean, with respect to the Borrower and its consolidated subsidiaries at any time, the sum, on a consolidated basis determined in accordance with GAAP, of (a) the aggregate principal amount of indebtedness of such person for borrowed money outstanding at such time, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments if recorded as debt on the Borrower's financial statements and (c) the aggregate amount of Guarantee Obligations of such persons outstanding at such time that relate to indebtedness of a primary obligor other than the Borrower or any such consolidated subsidiary.

"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.

"Guarantee Obligations" of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any indebtedness (including any interest and fees owing in respect of such indebtedness) of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such person, 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 property, securities or services for the purpose of assuring the owner of such indebtedness of the payment of such indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such indebtedness; provided, however, that the term Guarantee Obligations shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Hazardous Substances" shall mean any toxic, radioactive, mutagenic, carcinogenic, noxious, caustic or otherwise hazardous substance, material or waste, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics, including, without limitation, polychlorinated biphenyls ("PCBs"), asbestos or asbestos-containing material, and any substance, waste or material regulated under Environmental and Safety Laws.

"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, (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 Guarantee Obligations of such person and (g) all Capital Lease Obligations of such person. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner.

"Interest Payment Date" shall mean, with respect to any Loan, the last day of each Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months'

duration or a Fixed Rate Loan with an Interest Period of more than 90 days' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration or 90 days' duration, as the case may be, been applicable to such Loan and, in addition, the date of any prepayment of each Loan or conversion of such Loan to a Loan of a different Type.

"Interest Period" shall mean (a) as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, 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, (b) as to any ABR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Maturity Date and (iii) the date such Borrowing is converted to a Borrowing of a different Type in accordance with Section 2.05 or repaid or prepaid in accordance with Section 2.07 or Section 2.12 and (c) as 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 offer to make the Fixed Rate Loans comprising such Borrowing were extended, which shall not be earlier than one day 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 Eurodollar Loans 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.

"LIBO Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the arithmetic average of the rates at which dollar deposits approximately equal in principal amount to such Borrowing and for a maturity comparable to such Interest Period are offered to the principal London offices of the Reference Banks (or, if any Reference Bank does not at the time maintain a London office, the principal London office of any Affiliate of such Reference Bank) in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided, however, that, if only two Reference Banks notify the Administrative Agents of the rates offered to such Reference Banks (or any Affiliates of such Reference Banks) as aforesaid, LIBO Rate with respect to such Eurodollar Borrowing shall be equal to the arithmetic average of the rates so offered to such Reference Banks (or any such Affiliates); provided further, however, that, if only one or none of the Reference Banks notifies the Administrative Agents of the rate offered to it (or one of its Affiliates) as aforesaid, LIBO Rate with respect to such Eurodollar Borrowing shall be determined by the Administrative Agents and shall equal the arithmetic average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates that appear on the Reuters Screen LIBO Page as of 11:00 a.m. (London time) on such date for such dollar deposits and for a maturity comparable to such Interest Period. "Reuters Screen LIBO Page" shall mean the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks).

"Lien" shall mean any mortgage, lien, pledge, encumbrance, charge or security interest.

"Loan" shall mean a Competitive Loan or a Standby Loan, whether made as a Eurodollar Loan, an ABR Loan or a Fixed Rate Loan, as permitted hereby.

"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 Regulations" shall mean Regulations G, T, U and X of the Board as from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Margin Stock" shall have the meaning given such term under Regulation U of the Board.

"Material Adverse Effect" shall mean a materially adverse effect on the business, properties or financial condition of the Borrower and its subsidiaries taken as a whole.

"Maturity Date" shall mean October 23, 1999.

"Moody's" shall mean Moody's Investors Service, Inc.

"Notice of Competitive Bid Request" shall mean a notification made pursuant to Section 2.03 in the form of Exhibit A-2.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan as defined in Section 4001(a)(3) of ERISA, subject to the provisions of Title IV of ERISA or Section 412 of the Code that is maintained for current or former employees, or any beneficiary thereof, of the Borrower or any ERISA Affiliate.

"Rating Agencies" shall mean Moody's and S&P.

"Ratings" shall mean the ratings from time to time established by the Rating Agencies for senior, unsecured, non-credit-enhanced long-term debt of the Borrower.

"Reference Banks" shall mean Chemical, Citibank, N.A. and Swiss Bank Corporation.

"Register" shall have the meaning given such term in Section 8.04(d).

"Regulation D" shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Required Lenders" shall mean, at any time, Lenders having Commitments representing at least 51% of the Total Commitment or, for purposes of acceleration pursuant to clause (ii) of Article VI, Lenders holding Loans representing at least 51% of the aggregate principal amount of the Loans outstanding.

"Restricted Property" shall mean (1) any manufacturing facility, or portion thereof, owned or leased by the Borrower or any Subsidiary and located within the continental United States of America which, in the opinion of the board of directors of the Borrower, is of material importance to the business of the Borrower and its Subsidiaries taken as a whole, but no such manufacturing facility, or portion thereof, shall be deemed of material importance if its gross book value (before deducting accumulated depreciation) is less than 2% of Consolidated Net Tangible Assets, or (2) any shares of capital stock or indebtedness of any Subsidiary owning any such manufacturing facility. As used in this definition, "manufacturing facility" means property, plant and equipment used for actual manufacturing and for activities directly related to manufacturing such as quality assurance, engineering, maintenance, staging areas for work in process materials, employees' eating and comfort facilities and manufacturing administration, and it excludes sales offices, research facilities and facilities used only for warehousing or general administration.

"Sale and Leaseback Transaction" shall mean any arrangement with any person pursuant to which the Borrower or any Subsidiary leases any Restricted Property that has been or is to be sold or transferred by the

Borrower or the Subsidiary to such person, other than (1) temporary leases for a term, including renewals at the option of the lessee, of not more than three years, (2) leases between the Borrower and a Subsidiary or between Subsidiaries, (3) leases of a Restricted Property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation of the Restricted Property, and (4) arrangements pursuant to any provision of law with an effect similar to the former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended.

"S&P" shall mean Standard and Poor's Corporation.

"SEC" shall mean the Securities and Exchange Commission.

"Standby Borrowing" shall mean a Borrowing consisting of simultaneous Standby Loans from each of the Lenders.

"Standby Borrowing Request" shall mean a request made pursuant to Section 2.04 in the form of Exhibit A-5.

"Standby Loans" shall mean the revolving loans made pursuant to Section 2.04. Each Standby Loan shall be a Eurodollar Standby Loan or an ABR Loan.

"Stockholders' Equity" shall mean, with respect to the Borrower and its consolidated subsidiaries at any time, stockholders equity at such time, determined on a consolidated basis in accordance with GAAP.

"subsidiary" shall mean, with respect to any person (the "parent"), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the ordinary voting power, or more than 50% of the general partnership interests, are, at the time as of which any determination is being made, owned or 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 a subsidiary of the Borrower.

"Total Capitalization" shall mean, with respect to the Borrower and its consolidated subsidiaries at any time, the sum of (a) Funded Debt at such time and (b) Stockholders' Equity at such time.

"Total Commitment" shall mean, at any time, the aggregate amount of Commitments of all the Lenders, as in effect at such time.

"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, "Rate" shall include the LIBO Rate, the Alternate Base Rate and the Fixed Rate.

"Value" shall mean, with respect to a Sale and Leaseback Transaction, an amount equal to the net present value of the lease payments with respect to the term of the lease remaining on the date as of which the amount is being determined, without regard to any renewal or extension options contained in the lease, discounted at the weighted average interest rate on the Loans which are outstanding on the effective date of such Sale and Leaseback Transaction.

"Voting Shares" shall mean, as to shares of a particular corporation, outstanding shares of stock of any class of such corporation entitled to vote in the election of directors, excluding shares entitled so to vote only upon the happening of some contingency.

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". 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 for purposes of determining compliance with any covenant set forth in Article V, such terms shall be construed in accordance with GAAP as in effect on the date hereof applied on a basis consistent with the application used in preparing the Borrower's audited financial statements referred to in Section 3.05, provided that, if GAAP shall change after the date hereof, the Borrower and the Lenders shall, upon the request of the Borrower or the Required Lenders, negotiate in good faith to modify the covenants set forth in Sections 5.08, 5.09 and 5.10 to give effect to such change, in which event pending such modification, all determinations of compliance with such covenants shall be made in accordance with GAAP as in effect immediately prior to such change applied on a basis consistent with the application used in preparing the Borrower's audited financial statements referred to in Section 3.05.

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, to make Standby Loans to the Borrower, at any time and from time to time on and after the date hereof and until the earlier of the Maturity Date and the termination of the Commitment of such Lender, in an aggregate principal amount at any time outstanding not to exceed such Lender's Commitment minus the amount by which the Competitive Loans outstanding at such time shall be deemed to have used such Commitment pursuant to Section 2.16, subject, however, to the conditions that (i) at no time shall (A) the sum of (x) the outstanding aggregate principal amount of all Standby Loans made by all Lenders plus (y) the outstanding aggregate principal amount of all Competitive Loans made by all Lenders exceed (B) the Total Commitment and (ii) at all times, the outstanding aggregate principal amount of all Standby Loans made by each Lender shall equal the product of (A) the percentage which its Commitment represents of the Total Commitment times (B) the outstanding aggregate principal amount of all Standby Loans. Each Lender's Commitment is set forth opposite its name in Schedule 2.01 under the heading "Commitment". Such Commitments may be terminated or reduced from time to time pursuant to Section 2.11.

Within the foregoing limits, the Borrower may borrow, pay or prepay and reborrow Standby Loans hereunder, on and after the Closing Date and prior to the Maturity Date, subject to the terms, conditions and limitations set forth herein.

Section 2.02. Loans. (a) Each Standby Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments; provided, however, that the failure of any Lender to make any Standby 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. The Standby Loans or Competitive Loans comprising any Borrowing shall be (i) in the case of Competitive Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000 and (ii) in the case of Standby Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$25,000,000 (or an aggregate principal amount equal to the remaining balance of the available Commitments).

(b) Each Competitive Borrowing shall be comprised entirely of Eurodollar Competitive Loans or Fixed Rate Loans, and each Standby Borrowing shall be comprised entirely of Eurodollar Standby Loans or ABR

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 that the Borrower shall not be entitled to request any Borrowing which, if made, would result in an aggregate of more than 15 separate Eurodollar Standby Loans of any Lender being outstanding at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to Section 2.05, 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 Citicorp USA in New York, New York, not later than 12:00 noon, New York City time, and Citicorp USA shall by 2:00 p.m., New York City time, credit the amounts so received to the account or accounts specified from time to time in one or more notices delivered by the Borrower to Citicorp USA 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. Competitive Loans shall be made by the Lender or Lenders whose Competitive Bids therefor are accepted pursuant to Section 2.03 in the amounts so accepted. Standby Loans shall be made by the Lenders pro rata in accordance with Section 2.16. Unless Citicorp USA shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to Citicorp USA such Lender's portion of such Borrowing, Citicorp USA may assume that such Lender has made such portion available to Citicorp USA on the date of such Borrowing in accordance with this paragraph (c) and Citicorp USA may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to Citicorp USA, such Lender and the Borrower severally agree to repay to Citicorp USA 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 Citicorp USA 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, the Federal Funds Effective Rate; provided that no repayment by the Borrower pursuant to this sentence shall be deemed to be a prepayment for purposes of Section 2.15. If such Lender shall repay to Citicorp USA such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

Section 2.03. Competitive Bid Procedure. (a) In order to request Competitive Bids, the Borrower shall hand deliver or telecopy to the Advance Agent a duly completed Competitive Bid Request in the form of Exhibit A-1 hereto, to be received by the Advance Agent (i) in the case of a Eurodollar Competitive Borrowing, not later than 10:00 a.m., New York City time, four Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one Business Day before a proposed Competitive Borrowing. No ABR Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit A-1 may be rejected in the Advance Agent's sole discretion, and the Advance Agent shall promptly notify the Borrower of such rejection by telecopy. Each Competitive Bid Request shall refer to this Agreement and specify (w) whether the Borrowing then being requested is to be a Eurodollar Borrowing or a Fixed Rate Borrowing, (x) the date of such Borrowing (which shall be a Business Day) and the aggregate principal amount thereof which shall be in a minimum principal amount of \$10,000,000 and in an integral multiple of \$1,000,000, and (y) 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 as aforesaid, the Advance Agent shall telecopy to each Lender a Notice of Competitive Bid Request inviting the Lender to bid, on the terms and conditions of this Agreement, to make Competitive Loans.

(b) Each Lender invited to bid may, in its sole discretion, make one or more Competitive Bids to the Borrower responsive to such Borrower's Competitive Bid Request. Each Competitive Bid by a Lender must be received by the Advance Agent by telecopy, in the form of Exhibit A-3 hereto, (i) in the case of a

Eurodollar Competitive Borrowing, 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 a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Borrowing. Multiple bids will be accepted by the Advance Agent. Competitive Bids that do not conform substantially to the format of Exhibit A-3 may be rejected by the Advance Agent, and the Advance Agent shall notify the Lender making such nonconforming bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and specify (x) the principal amount (which shall be in a minimum principal amount of \$5,000,000 and in an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested) of the Competitive Loan or Loans that the Lender is willing to make, (y) the Competitive Bid Rate or Rates at which the Lender is prepared to make the Competitive Loan or Loans and (z) the Interest Period and the last day thereof. If any Lender invited to bid shall elect not to make a Competitive Bid, such Lender shall so notify the Advance Agent by telecopy (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 day of a proposed Competitive Borrowing; provided, however, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Loan as part of such Competitive Borrowing. A Competitive Bid submitted by a Lender pursuant to this paragraph (b) shall be irrevocable.

(c) The Advance Agent shall promptly notify the Borrower, by telecopy, of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each bid. The Advance Agent shall send a copy of all Competitive Bids to the Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.03.

(d) The Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The Borrower shall notify the Advance 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 any of or all the bids referred to in paragraph (c) above not more than one hour after it shall have been notified of such bids by the Advance Agent pursuant to such paragraph (c); provided, however, that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (c) above, (ii) the Borrower shall not accept a bid made at a particular Competitive Bid Rate if it has decided to reject a 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 bid or bids made at a particular Competitive Bid Rate but the amount of such bid or bids shall cause the total amount of bids to be accepted to exceed the amount specified in the Competitive Bid Request, then the Borrower shall accept a portion of such bid or bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such bid at such Competitive Bid Rate, and (v) except pursuant to clause (iv) above, no bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$10,000,000 and an integral multiple of \$1,000,000; provided further, however, that if a Competitive Loan must be in an amount less than \$10,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$5,000,000 or any integral multiple of \$1,000,000 thereof, and in calculating the pro rata allocation of acceptances of portions of multiple 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 which shall be in the discretion of the Borrower. A notice given pursuant to this paragraph (d) shall be irrevocable.

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

(f) No Competitive Borrowing shall be requested or made hereunder if after giving effect thereto any of the conditions set forth in paragraph (i) of Section 2.01 would not be met.

(g) If the Advance Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such bid directly to the Borrower one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to the Advance Agent pursuant to paragraph (b) above.

(h) All notices required by this Section 2.03 shall be given in accordance with Section 8.01.

Section 2.04. Standby Borrowing Procedure. In order to request a Standby Borrowing, the Borrower shall hand deliver or telecopy to Citicorp USA a duly completed Standby Borrowing Request in the form of Exhibit A-5 (a) in the case of a Eurodollar Standby Borrowing, not later than 10:30 a.m., New York City time, three Business Days before such Borrowing, and (b) in the case of an ABR Borrowing, not later than 10:30 a.m., New York City time, on the day of such Borrowing. No Fixed Rate Loan shall be requested or made pursuant to a Standby Borrowing Request. Such notice shall be irrevocable and shall in each case specify (i) whether the Borrowing then being requested is to be a Eurodollar Standby Borrowing or an ABR Borrowing; (ii) the date of such Standby Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Borrowing is to be a Eurodollar Standby Borrowing, the Interest Period with respect thereto, which shall not end after the Maturity Date. If no election as to the Type of Standby Borrowing is specified in any such notice, then the requested Standby Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Standby Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Notwithstanding any other provision of this Agreement to the contrary, no Standby Borrowing shall be requested if the Interest Period with respect thereto would end after the Maturity Date. Citicorp USA shall promptly advise the Lenders of any notice given pursuant to this Section 2.04 and of each Lender's portion of the requested Borrowing.

Section 2.05. Conversion and Continuation of Standby Loans. The Borrower shall have the right at any time upon prior irrevocable notice to Citicorp USA (i) not later than 10:30 a.m., New York City time, on the day of the conversion, to convert all or any part of any Eurodollar Standby Borrowing into an ABR Borrowing, and (ii) not later than 10:30 a.m., New York City time, three Business Days prior to conversion or continuation, to convert any ABR Borrowing into a Eurodollar Standby Borrowing or to continue any Eurodollar Standby Borrowing as a Eurodollar Standby Borrowing for an additional Interest Period, subject in each case to the following:

(a) if less than all the outstanding principal amount of any Standby Borrowing shall be converted or continued, the aggregate principal amount of the Standby Borrowing converted or continued shall be an integral multiple of \$1,000,000 and not less than \$25,000,000;

(b) accrued interest on a Standby Borrowing (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(c) if any Eurodollar Standby 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 2.15;

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

(e) any portion of a Eurodollar Standby Borrowing which cannot be continued as a Eurodollar Standby Borrowing by reason of clause (d) above shall be automatically converted at the end of the Interest Period in effect for such Eurodollar Standby Borrowing into an ABR Borrowing; and

(f) no Interest Period may be selected for any Eurodollar Standby Borrowing that would end later than the Maturity Date.

Each notice pursuant to this Section 2.05 shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Standby Borrowing to be converted or continued, (ii) whether such

Standby Borrowing is to be converted to or continued as a Eurodollar Standby 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 Standby Borrowing is to be converted to or continued as a Eurodollar Standby 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 Standby Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration. If no notice shall have been given in accordance with this Section 2.05 to convert or continue any Standby Borrowing, such Standby Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as an ABR Borrowing.

Section 2.06. Fees. (a) The Borrower agrees to pay to each Lender, through Citicorp USA, on each March 31, June 30, September 30 and December 31 (with the first payment being due on December 31, 1994) and on each date on which the Commitment of such Lender shall be terminated as provided herein, a facility fee (a "Facility Fee"), at a rate per annum equal to the Facility Fee Percentage from time to time in effect on the amount of the Commitment of such Lender, whether used or unused, during the preceding quarter (or other period commencing on the date of this Agreement, or ending with the Maturity Date or any date on which the Commitment of such Lender shall be terminated). All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Facility Fee due to each Lender shall be payable in arrears and shall commence to accrue on the date of this Agreement, and shall cease to accrue on the earlier of the Maturity Date and the termination of the Commitment of such Lender as provided herein.

(b) The Borrower agrees to pay the Administrative Agents, for their own account, the administrative, auction and other fees separately agreed to by the Borrower and the Administrative Agents (collectively, the "Administrative Fees").

(c) All Fees shall be paid on the dates due, in immediately available funds, to Citicorp USA for distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances other than to correct errors in payment.

Section 2.07. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby agrees that the outstanding principal balance of each Standby Loan shall be payable on the Maturity Date and that the outstanding principal balance of each Competitive Loan shall be payable on the last day of the Interest Period applicable thereto. Each Loan shall bear interest on the outstanding principal balance thereof as set forth in Section 2.08.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness 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 such Lender from time to time under this Agreement.

(c) Citicorp USA shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type of each Loan made and 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 Citicorp USA hereunder from the Borrower and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) and (c) of this Section 2.07 shall be prima facie evidence of the existence and amounts of the obligations therein recorded; provided, however, that the failure of any Lender or Citicorp USA 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.

Section 2.08. Interest on Loans. (a) Subject to the provisions of Section 2.09, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to (i) in the case of each Eurodollar Standby Loan, the

LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin from time to time in effect and (ii) in the case of each Eurodollar 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.

(b) Subject to the provisions of Section 2.09, the Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, for periods during which the Alternate Base Rate is determined by reference to clause (a) of the first sentence of the definition of Alternate Base Rate and 360 days for other periods) at a rate per annum equal to the Alternate Base Rate.

(c) Subject to the provisions of Section 2.09, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) 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 each Interest Payment Date applicable to such Loan except as otherwise provided in this Agreement. The applicable LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by Citicorp USA, and such determination shall be conclusive absent manifest error.

Section 2.09. 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, whether by scheduled maturity, notice of prepayment, acceleration or otherwise, the Borrower shall on demand from time to time from any Administrative Agent pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed as provided in Section 2.08(b)) equal to the Alternate Base Rate plus 2%.

Section 2.10. 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 any Administrative Agent shall have determined (i) that dollar deposits in the principal amounts of the Eurodollar Loans comprising such Borrowing are not generally available in the London interbank market, (ii) that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to Lenders having at such time Commitments representing at least 35% of the Total Commitment at such time of making or maintaining their Eurodollar Loans during such Interest Period or (iii) that reasonable means do not exist for ascertaining the LIBO Rate, such Administrative Agent shall, as soon as practicable thereafter, give telecopy notice of such determination to the Borrower and the Lenders. In the event of any such determination under clauses (i), (ii) or (iii) above, until such Administrative Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (x) 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 Agents and (y) any request by the Borrower for a Eurodollar Standby Borrowing pursuant to Section 2.04 shall be deemed to be a request for an ABR Borrowing unless the Borrower shall withdraw its request for a Borrowing. Each determination by the Administrative Agents hereunder shall be made in good faith and shall be conclusive absent manifest error.

Section 2.11. Termination and Reduction of Commitments. (a) The Commitments shall be automatically terminated on the Maturity Date.

(b) Upon at least three Business Days' prior irrevocable telecopy notice to the Administrative Agents, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction of the Total Commitment shall be in an integral multiple of \$1,000,000 and in a minimum principal amount of \$25,000,000 and (ii) no such termination or reduction shall be made which would reduce the Total Commitment to an amount less than the aggregate outstanding principal amount of the Competitive Loans.

(c) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrower shall pay to Citicorp USA for the account of the Lenders, on the date of each termination of the Total Commitment, the Facility Fees on the amount of the Commitments so terminated accrued through the date of such termination or reduction.

Section 2.12. Prepayment. (a) The Borrower shall have the right at any time and from time to time to prepay any Standby Borrowing, in whole or in part, upon giving teletype notice (or telephone notice promptly confirmed by teletype) to the Administrative Agents: (i) before 10:00 a.m., New York City time, three Business Days prior to prepayment, in the case of Eurodollar Loans, and (ii) before 10:00 a.m., New York City time, one Business Day prior to prepayment, in the case of ABR Loans; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000. No prepayment may be made in respect of any Competitive Borrowing.

(b) On the date of any termination or reduction of the Commitments pursuant to Section 2.11, the Borrower shall pay or prepay so much of the Standby Borrowings as shall be necessary in order that the aggregate principal amount of the Competitive Loans and Standby Loans outstanding will not exceed the Total Commitment, after giving effect to such termination or reduction.

(c) 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 (or portion thereof) by the amount stated therein on the date stated therein. All prepayments under this Section 2.12 shall be subject to Section 2.15 but otherwise without premium or penalty. All prepayments under this Section 2.12 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

Section 2.13. Reserve Requirements; Change in Circumstances. (a) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall result in the imposition, modification or applicability of any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender, or shall result in the imposition on any Lender or the London interbank market of any other condition affecting this Agreement, such Lender's Commitment or any Eurodollar Loan or Fixed Rate Loan made by such Lender, 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 to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender to be material, then such additional amount or amounts as will compensate such Lender for such additional costs or reduction will be paid by the Borrower to such Lender upon demand. Notwithstanding the foregoing, no Lender shall be entitled to request compensation under this paragraph with respect to any Competitive Loan if the change giving rise to such request was applicable to such Lender at the time of submission of the Competitive Bid pursuant to which such Competitive Loan was made.

(b) If any Lender shall have determined that the adoption after the date hereof of any law, rule, regulation or guideline arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or any Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, such Lender's Commitment or the Loans made by

such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time such additional amount or amounts as will compensate such Lender for such reduction will be paid by the Borrower to such Lender.

(c) A certificate of each Lender setting forth such amount or amounts as shall be necessary to compensate such Lender or its holding company as specified in paragraph (a) or (b) above, as the case may be, and setting forth in reasonable detail the manner in which such amount or amounts shall have been determined, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay each Lender the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or any other period, provided that if such Lender shall not have notified the Borrower, within 60 days after the date on which such Lender shall have become aware of such increased costs or reductions, that such Lender will demand compensation for such increased costs or reductions, such Lender's right to demand compensation shall be limited to increased costs or reductions accruing from and including the day that is 60 days prior to the date on which such Lender notifies the Borrower that such Lender will demand such compensation. The protection of this Section shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed.

Section 2.14. Change in Legality. (a) Notwithstanding any other provision herein, if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof 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 Agents, such Lender may:

(i) declare that Eurodollar Loans will not thereafter be made by such Lender hereunder, whereupon such Lender shall not submit a Competitive Bid in response to a request for Eurodollar Competitive Loans and any request for a Eurodollar Standby Borrowing shall, as to such Lender only, be deemed a request for an ABR Loan unless such declaration shall be subsequently withdrawn; and

(ii) 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 which 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 2.14, a notice by any Lender shall be effective as to each Eurodollar Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt.

Section 2.15. Indemnity. The Borrower shall indemnify each Lender against any out-of-pocket loss or expense which such Lender may sustain or incur as a consequence of (a) any failure to borrow or to refinance, convert or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing, conversion or continuation has been given pursuant to Section 2.03, 2.04 or 2.05, (b) any payment, prepayment or conversion of a Eurodollar Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period, if any, applicable thereto or (c) any

default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise), including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurodollar Loan. Such loss or reasonable expense shall include an amount equal to the present value of the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, refinanced or not borrowed (assumed to be the LIBO Rate applicable thereto) for the period from the date of such payment, prepayment, refinancing or failure to borrow or refinance to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow or refinance the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid or not borrowed or refinanced for such period or Interest Period, as the case may be. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section and setting forth in reasonable detail the manner in which such amount or amounts shall have been determined shall be delivered to such Borrower and shall be conclusive absent manifest error.

Section 2.16. Pro Rata Treatment. Except as required under Section 2.14, each payment or prepayment of principal of any Standby Borrowing, each payment of interest on the Standby Loans, each payment of the Facility Fees, each reduction of the Commitments and each refinancing or conversion of any Borrowing with a Standby Borrowing of any Type, shall be allocated pro rata among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Standby Loans). Each payment of principal of 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. Each payment of interest on any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Loans comprising such Borrowing. For purposes of determining the available Commitments of each Lender at any time, each outstanding Competitive Borrowing shall be deemed to have utilized the 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 Commitments. Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agents may, in their discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole dollar amount.

Section 2.17. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim, 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 Standby Loan as a result of which the unpaid principal portion of its Standby Loans shall be proportionately less than the unpaid principal portion of the Standby Loans 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 Standby Loans of such other Lender, so that the aggregate unpaid principal amount of the Standby Loans and participations in the Standby Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Standby Loans then outstanding as the principal amount of its Standby Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Standby Loans 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 2.17 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. Any Lender holding a participation in a Standby Loan

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 to such Lender by reason thereof as fully as if such Lender had made a Standby Loan in the amount of such participation.

Section 2.18. Payments. (a) The Borrower shall make each payment (including principal of or interest on any Borrowing and any Fees or other amounts) hereunder from an account in the United States not later than 12:00 noon, New York City time, on the date when due in dollars to Citicorp USA at its offices at 399 Park Avenue, New York, New York, in immediately available funds.

(b) 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.

Section 2.19. Taxes. (a) Any and all payments to the Lenders hereunder shall be made, in accordance with Section 2.18, free and clear of and without deduction for any and all current or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding (i) income taxes imposed on the income of any Administrative Agent or any Lender (or any transferee or assignee thereof, including a participation holder (any such entity a "Transferee")) and (ii) franchise taxes imposed on the income, assets or net worth of any Administrative Agent or any Lender (or Transferee), in each case by the jurisdiction under the laws of which any Administrative Agent or such Lender (or Transferee) is organized or doing business (other than as a result of entering into this Agreement, performing any obligations hereunder, receiving any payments hereunder or enforcing any rights hereunder), or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, collectively or individually, "Taxes"). If the Borrower shall be required to deduct any Taxes from or in respect of any sum payable hereunder to any Lender (or any Transferee) or any Administrative Agent, (i) the sum payable shall be increased by the amount (an "additional amount") necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.19) such Lender (or Transferee) or such Administrative Agent (as the case may be) shall receive 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 to the relevant Governmental Authority in accordance with applicable law any current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Taxes").

(c) The Borrower shall indemnify each Lender (or Transferee) and each Administrative Agent for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee) or such Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses (including reasonable attorney's fees and expenses)) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability prepared by a Lender, or an Administrative Agent on its behalf and setting forth in reasonable detail the manner in which such amount shall have been determined, absent manifest error, shall be final, conclusive and binding for all purposes. Such indemnification shall be made within 30 days after the date the Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor, which written demand shall be made within 60 days of the date such Lender (or Transferee) or Administrative Agent receives written demand for payment of such Taxes or Other Taxes from the relevant Governmental Authority.

(d) If a Lender (or Transferee) or an Administrative Agent shall become aware that it is entitled to claim a refund from a Governmental Authority in respect of 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, pursuant to this Section 2.19, it shall promptly notify the Borrower of the availability of such refund claim and shall, within 30 days after receipt of a request by the Borrower, make a claim to such Governmental Authority for such refund at the Borrower's expense. If a Lender (or Transferee) or an Administrative Agent receives a refund (including pursuant to a claim for refund made pursuant to the preceding sentence) in respect of any 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 pursuant to this Section 2.19, it shall within 30 days from the date of such receipt pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.19 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Lender (or Transferee) or such Administrative Agent and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrower, upon the request of such Lender (or Transferee) or such Administrative Agent, agrees to repay the amount paid over to the Borrower (plus penalties, interest or other charges) to such Lender (or Transferee) or such Administrative Agent in the event such Lender (or Transferee) or such Administrative Agent is required to repay such refund to such Governmental Authority.

(e) As soon as practicable after the date of any payment of Taxes or Other Taxes by the Borrower to the relevant Governmental Authority, the Borrower will deliver to the Administrative Agents, at their respective addresses referred to in Section 8.01, the original or a certified copy of a receipt issued by such Governmental Authority evidencing payment thereof.

(f) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.19 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(g) Each Lender (or Transferee) that is organized under the laws of a jurisdiction other than the United States, any State thereof or the District of Columbia (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agents two copies of either United States Internal Revenue Service Form 1001 or Form 4224, or, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Lender delivers a Form W-8, a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10 percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax on payments by the Borrower under this Agreement. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such participation holder becomes a Transferee hereunder) and on or before the date, if any, such Non-U.S. Lender changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Notwithstanding any other provision of this Section 2.19(g), a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 2.19(g) that such Non-U.S. Lender is not legally able to deliver.

(h) The Borrower shall not be required to indemnify any Non-U.S. Lender, or to pay any additional amounts to any Non-U.S. Lender, in respect of United States Federal withholding tax pursuant to paragraph (a) or (c) above to the extent that (i) the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Non-U.S. Lender became a party to this Agreement (or, in the case of a Transferee that is a participation holder, on the date such participation holder became a Transferee hereunder) or, with respect to payments to a New Lending Office, the date such Non-U.S. Lender designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to any

Transferee or New Lending Office that becomes a Transferee or New Lending Office as a result of an assignment, participation, transfer or designation made at the request of the Borrower; and provided further, however, that this clause (i) shall not apply to the extent the indemnity payment or additional amounts any Transferee, or Lender (or Transferee) through a New Lending Office, would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Transferee, or Lender (or Transferee) making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Lender to comply with the provisions of paragraph (g) above.

(i) Any Lender (or Transferee) claiming any indemnity payment or additional amounts payable pursuant to this Section 2.19 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amounts that may thereafter accrue and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(j) Nothing contained in this Section 2.19 shall require any Lender (or Transferee) or any Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

Section 2.20. Duty to Mitigate; Assignment of Commitments Under Certain Circumstances. (a) Any Lender (or Transferee) claiming any additional amounts payable pursuant to Section 2.13, 2.15(c) or 2.19, or exercising its rights under Section 2.14, shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue or avoid the circumstances giving rise to such exercise and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(b) In the event that any Lender shall have delivered a notice or certificate pursuant to Section 2.13 or 2.14, or the Borrower shall be required to make additional payments to any Lender under Section 2.19, the Borrower shall have the right, at its own expense, upon notice to such Lender and the Administrative Agents, to require such Lender to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 8.04) all interests, rights and obligations contained hereunder to another financial institution approved by the Administrative Agents (which approval shall not be unreasonably withheld) which shall assume such obligations; provided that (i) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) the assignee or the Borrower, as the case may be, shall pay to the affected Lender in immediately available funds on the date of such assignment the principal of and the interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder.

ARTICLE III.

Representations and Warranties

The Borrower represents and warrants to each of the Lenders and each of the Administrative Agents that:

Section 3.01. Organization; Powers. The Borrower and each of the Subsidiaries (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, except, in the case of any Subsidiary, where the failure to be so organized, existing and in good standing would not

result in a Material Adverse Effect, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (d) in the case of the Borrower, has the corporate power and authority to execute, deliver and perform its obligations under this Agreement and to borrow hereunder.

Section 3.02. Authorization. The execution, delivery and performance by the Borrower of this Agreement and the Borrowings hereunder (collectively, the "Transactions") (a) have been duly authorized by all requisite corporate action and (b) will not (i) violate (A) any provision of any law, statute, rule or regulation (including, without limitation, the Margin Regulations) or of the certificate 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 it or any of its property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any lien upon any property or assets of the Borrower or any Subsidiary.

Section 3.03. Enforceability. This Agreement constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms (subject, as to enforceability, to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity)).

Section 3.04. Governmental Approvals. No action, consent or approval of, registration or filing with or other action by any Governmental Authority is required in connection with the Transactions.

Section 3.05. Financial Statements. (a) The Borrower has heretofore furnished to the Administrative Agents and the Lenders copies of (i) its audited consolidated financial statements for the year ended December 31, 1993, which were included in its annual report on Form 10-K dated December 31, 1993 (the "10-K"), filed with the SEC under the Exchange Act and (ii) its unaudited consolidated financial statements for the quarters ended March 31, 1994, and June 30, 1994, which were included in its Quarterly Reports on Form 10-Q dated March 31, 1994, and June 30, 1994, respectively, filed with the SEC under the Exchange Act. Such financial statements present fairly, in all material respects, the financial condition and the results of operations of the Borrower and the Subsidiaries, taken as a whole, as of, and for accounting periods ending on, such dates in accordance with GAAP (subject, in the case of unaudited statements, to normal year-end audit adjustments and the absence of footnotes).

(b) As of the date hereof, there has been no material adverse change in the consolidated financial condition of the Borrower and the Subsidiaries taken as a whole from the financial condition or operations reported in the financial statements referenced in paragraph (a) of this Section 3.05.

Section 3.06. Litigation; Compliance with Laws. (a) Except as disclosed in the 10-K, as of the date hereof, there are no actions, proceedings or investigations filed or (to the knowledge of the Borrower) threatened against the Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which question the validity or legality of this Agreement, the Transactions or any action taken or to be taken pursuant to this Agreement and no order or judgment has been issued or entered restraining or enjoining the Borrower from the execution, delivery or performance of this Agreement nor is there any other action, proceeding or investigation filed or (to the knowledge of the Borrower) threatened against the Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which would be reasonably likely to result in a Material Adverse Effect.

(b) Neither the Borrower nor any Subsidiary is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would be reasonably likely to result in a Material Adverse Effect.

Section 3.07. Federal Reserve Regulations. No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose which entails a violation of, or which is inconsistent with, the provisions of the Margin Regulations.

Section 3.08. Use of Proceeds. All proceeds of the Loans shall be used for the purposes referred to in the recitals to this Agreement.

Section 3.09. Taxes. The Borrower and the Subsidiaries have filed or caused to be filed all Federal and material state, local and foreign tax returns which are required to be filed by them, and have paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by any of them, other than any taxes or assessments the validity of which is being contested in good faith by appropriate proceedings, and with respect to which appropriate accounting reserves have, to the extent required by GAAP, been set aside.

Section 3.10. Employee Benefit Plans. As of the Closing Date, the present aggregate value of accumulated benefit obligations of all Plans and all foreign employee pension benefit plans (based on those assumptions used for disclosure of such obligations in corporate financial statements in accordance with GAAP) did not, as of the most recent statements available, exceed the aggregate value of the assets for all such plans.

Section 3.11. Environmental and Safety Matters. Each of the Borrower and the Subsidiaries is in compliance with all Environmental and Safety Laws, with the exception of instances that would not in the aggregate result in any Material Adverse Effect.

ARTICLE IV.

Conditions of Lending

The obligations of the Lenders to make Loans hereunder are subject to the satisfaction of the following conditions:

Section 4.01. All Borrowings. On the date of each Borrowing (except in the case of a refinancing of Standby Borrowings that does not increase the aggregate principal amount of Standby Borrowings outstanding):

(a) The Administrative Agents shall have received a notice of such Borrowing as required by Section 2.03 or Section 2.04, as applicable.

(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 Borrowing 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 Borrowing no Event of Default or Default shall have occurred and be continuing.

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

Section 4.02. Closing Date. On the Closing Date:

(a) The Administrative Agents shall have received favorable written opinions of Dewey Ballantine, counsel to the Borrower, and Daniel Carmichael, Esq., Secretary and Deputy General Counsel of the Borrower, dated the Closing Date, addressed to the Lenders and satisfactory to Cravath, Swaine & Moore, special counsel for the Administrative Agents, collectively to the effect set forth in Exhibit C hereto.

(b) The Administrative Agents 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 or an Assistant Secretary of the Borrower, and a certificate as to the good standing of the Borrower as of a recent date from the Secretary of State of its state of incorporation; (ii) a certificate of the Secretary or an 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 referred to in clause (i) above has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to such clause (i) 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; and (iii) a certificate of another officer of the Borrower as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above.

(c) The Administrative Agents 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.

(d) The Administrative Agents shall have received any Fees or other amounts due and payable on or prior to the Closing Date.

(e) The Administrative Agents shall have received evidence satisfactory to them that the Borrower shall have terminated the credit facilities specified on Schedule 4.02 and shall have repaid or prepaid all principal, interest, fees and other amounts due or outstanding thereunder.

ARTICLE V.

Covenants

A. Affirmative Covenants. The Borrower covenants and agrees with each Lender and each Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid, unless the Required Lenders shall otherwise consent in writing, it will, and will cause each of the Subsidiaries to:

Section 5.01. Existence. Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as expressly permitted under Section 5.07 and except, in the case of any Subsidiary, where the failure to do so would not result in a Material Adverse Effect.

Section 5.02. Business and Properties. Comply in all respects with all applicable laws, rules, regulations and orders of any Governmental Authority (including Environmental and Safety Laws and ERISA), whether now in effect or hereafter enacted except instances that could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect; and at all times maintain and preserve all property material to the conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

Section 5.03. Financial Statements, Reports, Etc. In the case of the Borrower, furnish to the Administrative Agents and each Lender:

(a) within 95 days after the end of each fiscal year, its annual report on Form 10-K as filed with the SEC, including its consolidated balance sheet and the related consolidated earnings statement showing its consolidated financial condition as of the close of such fiscal year and the consolidated results of its operations during such year, all audited by Ernst & Young or other independent certified public accountants of recognized national standing selected by the Borrower and accompanied by an opinion of such accountants to the effect that such consolidated financial statements fairly present the Borrower's financial condition and results of operations on a consolidated basis in accordance with GAAP;

(b) within 50 days after the end of each of the first three fiscal quarters of each fiscal year, its quarterly report on Form 10-Q as filed with the SEC, including its unaudited consolidated balance sheet and related consolidated earnings statement, showing its consolidated financial condition as of the close of such fiscal quarter and the consolidated results of its operations during such fiscal quarter and the then elapsed portion of the fiscal year (and each delivery of such statements shall be deemed a representation that such statements fairly present the Borrower's financial condition and results of operations on a consolidated basis in accordance with GAAP, 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 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;

(d) promptly after the same become publicly available, copies of all reports on Form 8-K filed by it with the SEC, or any Governmental Authority succeeding to any of or all the functions of the SEC, or copies of all reports distributed to its shareholders, as the case may be;

(e) promptly, from time to time, such other information as any Lender shall reasonably request through any Administrative Agent; and

(f) concurrently with any delivery of financial statements under paragraph (a) or (b) above and at any time that the Borrower must comply with Section 5.08, calculations, certified by a Financial Officer of the Borrower, of the financial test referred to in Section 5.08.

Section 5.04. Insurance. Keep its insurable properties adequately insured at all times by financially sound and reputable insurers (which may include captive insurers), and maintain such other insurance or self insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies similarly situated and in the same or similar businesses.

Section 5.05. Obligations and Taxes. Pay and discharge promptly when due all material taxes, assessments and governmental charges imposed upon it or upon its income or profits or in respect of its property, in each case before the same shall become delinquent or in default and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings and adequate reserves with respect thereto shall, to the extent required by GAAP, have been set aside.

Section 5.06. Litigation and Other Notices. Give the Administrative Agents prompt written notice of the following:

(a) the filing or commencement of, or any written threat or written notice of intention of any person to file or commence, any action, suit or proceeding which the Borrower reasonably expects to result in a Material Adverse Effect;

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

(c) any change in any of the Ratings.

B. Negative Covenants. The Borrower covenants and agrees with each Lender and each Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid, unless the Required Lenders shall otherwise consent in writing, it will not, and will not permit any of the Subsidiaries to:

Section 5.07. Consolidations, Mergers, and Sales of Assets. In the case of the Borrower (a) consolidate or merge with or into any other person or liquidate, wind up or dissolve (or suffer any liquidation or dissolution) or (b) sell, lease or otherwise transfer (in one transaction or a series of transactions), or permit any Subsidiary to sell, lease or otherwise transfer (in one transaction or a series of transactions), all or any substantial part of the assets (including capital stock of any Subsidiary) of the Borrower and the Subsidiaries, taken as a whole, to any other person; provided that (i) the Borrower may merge with another person if (A) the Borrower is the corporation surviving such merger and (B) immediately after giving effect to such merger, no Default or Event of Default shall have occurred and be continuing, and (ii) the Borrower may carry out any of the asset sales described in a letter dated the date hereof and delivered to each Lender prior to the effectiveness of this Agreement if at the time of such sale the Borrower shall deliver to the Administrative Agents a certificate of a Financial Officer to the effect that the Board of Directors of the Borrower has determined the consideration to be received by the Borrower and the Subsidiaries in connection with such sale to be at least equal to the fair market value of the assets sold.

Section 5.08. Ratio of Funded Debt to Total Capitalization. Permit, at any time that the Rating by S&P is below BBB- and the Rating by Moody's is below Baa3, the ratio of (a) Funded Debt at such time to (b) Total Capitalization at such time to exceed 0.6 to 1.0.

Section 5.09. Liens. Create, assume or suffer to exist any Lien upon any Restricted Property to secure any debt of the Borrower, any Subsidiary or any other person, or permit any Subsidiary to do so, without making effective provision whereby the Loans that may then or thereafter be outstanding shall be secured by the Lien equally and ratably with such debt for so long as such debt shall be so secured, except that the foregoing shall not prevent the Borrower or any Subsidiary from creating, assuming or suffering to exist Liens of the following character:

(a) Liens existing on the date hereof;

(b) any Lien existing on property owned or leased by a corporation at the time it becomes a Subsidiary;

(c) any Lien existing on property at the time of the acquisition thereof by the Borrower or any Subsidiary;

(d) any Lien to secure any debt incurred prior to, at the time of, or within 12 months after the acquisition of Restricted Property for the purpose of financing all or any part of the purchase price thereof and any Lien to the extent that it secures debt which is in excess of such purchase price and for the payment of which recourse may be had only against such Restricted Property;

(e) any Lien to secure any debt incurred prior to, at the time of, or within 12 months after the completion of the construction, alteration, repair or improvement of Restricted Property for the purpose of financing all or any part of the cost thereof and any Lien to the extent that it secures debt which is in excess of such cost and for the payment of which recourse may be had only against such Restricted Property;

(f) Liens securing debt of a Subsidiary owing to the Borrower or any other Subsidiary;

(g) any Lien in favor of the United States or any State or territory thereof or any other country, or any agency, instrumentality or political subdivision of any of the foregoing, to secure partial, progress, advance or other payments or performance pursuant to the provisions of any contract or statute, or any Liens securing industrial development, pollution control or similar revenue bonds;

(h) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in clauses (a) through (g) above, so long as the principal amount

of the debt secured by such Lien does not exceed the principal amount of the debt so secured at the time of such extension, renewal or replacement (except that, where an additional principal amount of debt is incurred to provide funds for the completion of a specific project, the additional principal amount, and any related financing costs, may be secured by the Lien as well) and such Lien is limited to the same property subject to the Lien so extended, renewed or replaced (and improvements on the property); and

(i) any Lien not permitted by clauses (a) through (h) above securing debt which, together with the aggregate outstanding principal amount of all other debt of the Borrower and its Subsidiaries owning Restricted Property which would otherwise be subject to the foregoing restrictions and the aggregate Value of existing Sale and Leaseback Transactions which would be subject to the restrictions of this Section but for this clause (i), does not at any time exceed 15% of Consolidated Net Tangible Assets.

Section 5.10. Limitation on Sale and Leaseback. Enter into any Sale and Leaseback Transaction, or permit any Subsidiary owning Restricted Property to do so, unless either:

(a) the Borrower or such Subsidiary would be entitled to incur debt, in a principal amount at least equal to the Value of such Sale and Leaseback Transaction, which is secured by Liens on the property to be leased (without equally and ratably securing the Loans) because such Liens would be of such character that no violation of any of the provisions of Section 5.09 would result, or

(b) the Borrower during the six months immediately following the effective date of such Sale and Leaseback Transaction causes to be applied to (A) the acquisition of Restricted Property or (B) the voluntary retirement of Funded Debt (whether by redemption, defeasance, repurchase, or otherwise) an amount equal to the Value of such Sale and Leaseback Transaction.

ARTICLE VI.

Events of Default

In case of the happening of any of the following events (each an "Event of Default"):

(a) any representation or warranty made or deemed made in or in connection with the execution and delivery of this Agreement or the Borrowings hereunder 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 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 any other amount (other than an amount referred to in paragraph (b) above) due hereunder, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three Business Days;

(d) default shall be made in the due observance or performance of any covenant, condition or agreement contained in Section 5.06, 5.07, 5.08, 5.09 or 5.10;

(e) default shall be made in the due observance or performance of any covenant, condition or agreement contained herein (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 any Administrative Agent or any Lender to the Borrower;

(f) the Borrower or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of \$50,000,000, when and as the same shall become due and payable, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness if the effect of any failure referred to in this clause (ii) is to cause such Indebtedness to become due prior to its stated maturity;

(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 of a substantial part of the property or assets of the Borrower, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of the property or assets of the Borrower or (iii) the winding up or liquidation of the Borrower; 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 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 or state 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 for a substantial part of the property or assets of the Borrower, (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; or

(i) one or more judgments for the payment of money in an aggregate amount in excess of \$50,000,000 (exclusive of any amount thereof covered by insurance) shall be rendered against the Borrower, any 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 Subsidiary to enforce any such judgment;

(j) A Plan of the Borrower shall fail to maintain the minimum funding standard required by Section 412 of the Code for any plan year or a waiver of such standard is sought or granted under Section 412(d), or (ii) an ERISA Termination Event shall have occurred with respect to the Borrower or the Borrower or an ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA, or (iii) the Borrower or an ERISA Affiliate shall engage in any prohibited transaction described in Sections 406 of ERISA or 4975 of the Code for which a statutory or class exemption is not available or a private exemption has not been previously obtained from the United States Department of Labor, or (iv) the Borrower or an ERISA Affiliate shall fail to pay any required installment or any other payment required under Section 412 of the Code on or before the due date for such installment or other payment, or (v) the Borrower or an ERISA Affiliate shall fail to make any contribution or payment to any Multiemployer Plan (as defined in Section 4001(a)(3) of ERISA) which the Borrower or any ERISA Affiliate may be required to make under any agreement relating to such Multiemployer Plan or any law pertaining thereto, and there shall result from any such event or events either a liability or a material risk of incurring a liability to the PBGC or a Plan which will have a Material Adverse Effect; or

(k) a Change in Control shall occur;

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 Agents, 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 anything contained herein to 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 anything contained herein to the contrary notwithstanding.

ARTICLE VII.

The Administrative Agents

In order to expedite the transactions contemplated by this Agreement, each of Chemical Bank and Citicorp USA is hereby appointed to act as an Administrative Agent on behalf of the Lenders and Citicorp USA is hereby appointed to act as Advance Agent on behalf of the Lenders. Each of the Lenders hereby irrevocably authorizes each Administrative Agent (which term, for purposes of this Article VII, shall be deemed to include the Advance Agent) to take such actions on behalf of such Lender or holder and to exercise such powers as are specifically delegated to the Administrative Agents by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agents are hereby expressly authorized by the Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders to the Borrower of any Event of Default of which any Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by the Borrower pursuant to this Agreement as received by the Administrative Agents.

Neither Administrative Agent nor any of their respective directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his or her own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower of any of the terms, conditions, covenants or agreements contained in this Agreement. The Administrative Agents shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or other instruments or agreements. The Administrative Agents may deem and treat the Lender which makes any Loan as the holder of the indebtedness resulting therefrom for all purposes hereof until it shall have received notice from such Lender, given as provided herein, of the transfer thereof. The Administrative Agents shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. The Administrative Agents shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither Administrative Agent nor any of their respective directors, officers, employees or agents shall have any responsibility to the Borrower on account of the failure of or delay in performance or breach by any Lender of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any other Lender or the Borrower of any of their respective obligations hereunder or in connection herewith. The Administrative Agents may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by them with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by them in accordance with the advice of such counsel.

The Lenders hereby acknowledge that the Administrative Agents shall be under no duty to take any discretionary action permitted to be taken by them pursuant to the provisions of this Agreement unless they shall be requested in writing to do so by the Required Lenders.

Subject, in the case of a resignation of both Administrative Agents, to the appointment and acceptance of a successor Administrative Agent as provided below, either Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation of both Administrative Agents, the Required Lenders shall have the right to appoint a successor Administrative Agent acceptable to the Borrower. 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 Agents give notice of their resignation, then the retiring Administrative Agents may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least \$500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agents and the retiring Administrative Agents shall be discharged from their duties and obligations hereunder. If only one of the Administrative Agents shall resign, the other Administrative Agent shall become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any Administrative Agent's resignation hereunder, the provisions of this Article and Section 8.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by them hereunder, each Administrative Agent in its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not an Administrative Agent, and such Administrative Agent 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 an Administrative Agent.

Each Lender agrees (i) to reimburse the Administrative Agents, on demand, in the amount of its pro rata share (based on its Commitment hereunder or, if the Commitments shall have been terminated, the amount of its outstanding Loans) of any expenses incurred for the benefit of the Lenders by the Administrative Agents, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrower and (ii) to indemnify and hold harmless the Administrative Agents and any of their respective directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against either of them in its capacity as an Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by either of them under this Agreement to the extent the same shall not have been reimbursed by the Borrower; provided that no Lender shall be liable to any Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of such Administrative Agent or any of its directors, officers, employees or agents. Each Lender agrees that any allocation made in good faith by the Administrative Agents of expenses or other amounts referred to in this paragraph between this Agreement and the Facility B Credit Agreement shall be conclusive and binding for all purposes.

Each Lender acknowledges that it has, independently and without reliance upon any 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 any 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 or any related agreement or any document furnished hereunder or thereunder.

ARTICLE VIII.

Miscellaneous

Section 8.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telecopy, as follows:

(a) if to the Borrower, to Lilly Corporate Center, Indianapolis, Indiana 46285, Attention of the Assistant Treasurer (Telecopy No. 317-277-3275);

(b) if to Chemical, to it at 270 Park Avenue, New York, New York 10017, Attention of Abigail L. Garcia (Telecopy No. 212-818-1456);

(c) if to Citicorp USA, to it at 200 South Wacker Drive, 31st Floor, Chicago, IL 60606, Attention of Richard Michel (Telecopy No. 312-993-1050); and

(d) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender became 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 if delivered by hand or overnight courier service or sent by telecopy to such party as provided in this Section or in accordance with the latest unrevoked direction from such party given in accordance with this Section.

Section 8.02. 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 shall survive the making by the Lenders of the Loans regardless of any investigation made by the Lenders 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 the Commitments have not been terminated.

Section 8.03. Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower and the Administrative Agents and when the Administrative Agents shall have received copies hereof (telecopied or otherwise) which, when taken together, bear the signature of each Lender, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower shall not have the right to assign any rights hereunder or any interest herein without the prior consent of all the Lenders.

Section 8.04. Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any party that are contained in this Agreement shall bind and inure to the benefit of its successors and assigns.

(b) Each Lender may assign to one or more 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); provided, however, that, except in the case of an assignment to an Affiliate of a Lender, (i) the Borrower must give its prior written consent to such assignment and (ii) the amount of the Commitment 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 Agents) shall not be less than \$25,000,000 (or, if less than \$25,000,000, the amount of such Lender's Commitment). The parties to each assignment shall execute and deliver to the Administrative Agents an Assignment and Acceptance, and a processing and recordation fee of \$3,000. Upon acceptance and recording pursuant to paragraph (e) of this Section, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof, (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 2.13, 2.15, 2.19 and 8.05, as well as to any Fees accrued for its account hereunder 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 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, (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 the performance or observance by the Borrower of any obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it 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 delivered pursuant to Section 5.03 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 any 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 Agents to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agents 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 Agents shall maintain at one of their respective 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 the 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 in the absence of manifest error and the Borrower, the Administrative Agents 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. The Register shall be available for inspection by each party hereto, 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 together with 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 to such assignment, the Administrative Agents shall (i) accept such Assignment and Acceptance and (ii) record the information contained therein in the Register.

(f) Each Lender may 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) each participating bank or other entity shall be entitled to the benefit of the cost

protection provisions contained in Sections 2.13, 2.15 and 2.19 to the same extent as if it was the selling Lender (and limited to the amount that could have been claimed by the selling Lender had it continued to hold the interest of such participating bank or other entity, it being further agreed that the selling Lender will not be permitted to make claims against the Borrower under Section 2.13(b) for costs or reductions resulting from the sale of a participation), except that all claims made pursuant to such Sections shall be made through such selling Lender, and (iv) the Borrower, the Administrative Agents and the other Lenders shall continue to deal solely and directly with such selling 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 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 the final scheduled maturity of the Loans or any date scheduled for the payment of interest on the Loans 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, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender; provided that, prior to any such disclosure, each such assignee or participant or proposed assignee or participant shall be subject to same confidentiality agreement as are the Lenders.

(h) The Borrower shall not assign or delegate any rights and duties hereunder without the prior written consent of all Lenders.

(i) Any Lender may at any time pledge or otherwise assign all or any portion of its rights under this Agreement to a Federal Reserve Bank; provided that no such pledge shall release any Lender from its obligations hereunder. In order to facilitate such an assignment to a Federal Reserve Bank, the Borrower shall, at the request of the assigning Lender, duly execute and deliver to the assigning Lender a promissory note or notes evidencing the Loans made by the assigning Lender hereunder.

Section 8.05. Expenses; Indemnity. (a) The Borrower agrees to pay all reasonable out-of-pocket expenses incurred by the Administrative Agents in connection with entering into this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof, or incurred by the Administrative Agents or any Lender in connection with the enforcement of their rights in connection with this Agreement or in connection with the Loans made hereunder, including the fees and disbursements of counsel (including, in connection with such enforcement, the allocated cost of internal legal services) for the Administrative Agents or, in the case of enforcement, each Lender.

(b) The Borrower agrees to indemnify each Administrative Agent, each Lender, each of their Affiliates and the directors, officers, employees and agents of the foregoing (each such person being called an "Indemnatee") against, and to hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees and expenses, incurred by or asserted against any Indemnatee arising out of (i) the consummation of the transactions contemplated by this Agreement, (ii) the use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnatee is a party thereto; provided that (A) such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a final judgment of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnatee and (B) such indemnity shall not apply to losses, claims, damages, liabilities or related expenses that result from disputes solely between Lenders.

(c) The provisions of this Section 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 invalidity or unenforceability of any term or provision of this Agreement or any investigation made by or on behalf of any Administrative Agent or any Lender. All amounts due under this Section shall be payable on written demand therefor.

Section 8.06. Applicable Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 8.07. Waivers; Amendment. (a) No failure or delay of any Administrative Agent or any Lender 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 Agents and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure 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 or any Subsidiary in any case shall entitle such party 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 waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each Lender affected thereby, (ii) increase the Commitment or decrease the Facility Fee of any Lender without the prior written consent of such Lender, or (iii) amend or modify the provisions of Section 2.16 or Section 8.04(h), the provisions of this Section or the definition of the "Required Lenders," without the prior written consent of each Lender; provided further, however, that no such agreement shall amend, modify or otherwise affect the rights or duties of any Administrative Agent hereunder without the prior written consent of such Administrative Agent. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section and any consent by any Lender pursuant to this Section shall bind any assignee of its rights and interests hereunder.

Section 8.08. Entire Agreement. This Agreement constitutes the entire contract among the parties relative to the subject matter hereof. Any 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 party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 8.09. 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 shall not in any way be affected or impaired thereby. 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 8.10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 8.03.

Section 8.11. 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 8.12. 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, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or any bank controlling such Lender to or for the credit

or 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 unmatured. Each Lender agrees promptly to notify the Borrower after such setoff and application made by such Lender, but the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of setoff) which such Lender may have.

Section 8.13. 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. Subject to the foregoing and to paragraph (b) below, nothing in this Agreement shall affect any right that any party hereto may otherwise have to bring any action or proceeding relating to this Agreement against any other party hereto in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or thereafter 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 8.01. 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 8.14. 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 other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certification in this Section.

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.

Eli Lilly and Company,

By _____
Name:
Title:

Chemical Bank, individually and as
Administrative Agent,

By _____
Name:
Title:

Citicorp USA, Inc., individually and
as Administrative Agent and Advance
Agent,

By _____
Name:
Title:

Bank of America National Trust and
Savings Association, individually
and as Co-Agent,

By _____
Name:
Title:

Morgan Guaranty Trust Company of New
York, individually and as Co-Agent,

By _____
Name:
Title:

Bank Brussels Lambert-New York
Branch,

By _____
Name:
Title:

Bank of Montreal,

By _____
Name:
Title:

Banque Nationale de Paris,

By _____
Name:
Title:

Bayerische Hypotheken-und Wechsel-
Bank Atkiengesellschaft,

By _____
Name:
Title:

By _____
Name:
Title:

The Chase Manhattan Bank, N.A.,

By _____
Name:
Title:

Credit Suisse,

By _____
Name:
Title:

By _____
Name:
Title:

The Dai-Ichi Kangyo Bank, Ltd.,
Chicago Branch,

By _____
Name:
Title:

Deutsche Bank AG, Chicago Branch
and/or Cayman Islands Branch,

By _____
Name:
Title:

By _____
Name:
Title:

The First National Bank of Chicago,

By _____

Name:

Title:

Istituto Bancario San Paolo Di
Torino S.p.A.,

By _____

Name:

Title:

Mellon Bank, N.A.,

By _____

Name:

Title:

The Mitsubishi Bank, Limited,
Chicago Branch,

By _____

Name:

Title:

National City Bank, Indiana,

By _____

Name:

Title:

National Westminster Bank PLC-Nassau
Branch,

By _____

Name:

Title:

National Westminster Bank PLC-
Chicago Branch,

By _____
Name:
Title:

NBD Bank, N.A.,

By _____
Name:
Title:

Royal Bank of Canada,

By _____
Name:
Title:

Societe Generale,

By _____
Name:
Title:

By _____
Name:
Title:

Swiss Bank Corporation- Chicago,

By _____
Name:
Title:

Wachovia Bank of Georgia, N.A.,

By _____
Name:
Title:

FORM OF COMPETITIVE BID REQUEST

Citicorp USA, Inc., as Advance Agent
for the Lenders referred to below,
c/o Citicorp USA, Inc.
399 Park Avenue
New York, NY 10043

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Company"), refers to the \$1,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (as it may hereafter be amended, modified, extended or restated from time to time, the "Agreement"), among the Company, the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. The Company hereby gives you notice pursuant to Section 2.03(a) of the Agreement that it requests a Competitive Borrowing under the 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) -----
- (D) Interest Period and the last day thereof (3) -----

Upon acceptance of any or all of the Loans offered by the Lenders in response to this request, the Company shall be deemed to have represented and warranted that the conditions to lending specified in Section 4.01(b) and (c) of the Agreement have been satisfied.

Very truly yours,
Eli Lilly and Company,

By _____
Name:
Title: [Financial Officer]

-
- (1) Not less than \$10,000,000 (and in integral multiples of \$1,000,000) or greater than the Total Commitment then available.
 - (2) Eurodollar Loan or Fixed Rate Loan.
 - (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]
New York, New York

[Date]

Attention: []

Dear Ladies and Gentlemen:

Reference is made to the \$1,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (as it may hereafter be amended, modified, extended or restated from time to time, the "Agreement"), among Eli Lilly and Company (the "Company"), the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. The Company made a Competitive Bid Request on [Date], 19[], pursuant to Section 2.03(a) of the 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 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. -----

Very truly yours,

Citicorp USA, Inc.,
as Advance Agent,

By _____
Name:
Title:

(1) The Competitive Bid must be received by the Administrative Agent (i) in the case of Eurodollar 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.

FORM OF COMPETITIVE BID

Citicorp USA, Inc., as Advance Agent
for the Lenders referred to below,
c/o Citicorp USA, Inc.
399 Park Avenue
New York, NY 10043

[Date]

Dear Ladies and Gentlemen:

The undersigned, [Name of Lender], refers to the \$1,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (as it may hereafter be amended, modified, extended or restated from time to time, the "Agreement"), among Eli Lilly and Company (the "Company"), the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. The undersigned hereby makes a Competitive Bid pursuant to Section 2.03(b) of the Agreement, in response to the Competitive Bid Request made by the Company on , 19[], 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 -----

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

Very truly yours,

[Name of Lender],

By _____
Name:
Title:

- - - - -
- (1) 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 Loans or %, in the case of Fixed Rate Loans.

FORM OF COMPETITIVE BID ACCEPT/REJECT LETTER

[Date]

Citicorp USA, Inc., as Advance Agent
 for the Lenders referred to below
 c/o Citicorp USA, Inc.
 399 Park Avenue
 New York, NY 10043

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Company"), refers to the \$1,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (as it may hereafter be amended, modified, extended or restated from time to time, the "Agreement"), among the Company, the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents for the Lenders.

In accordance with Section 2.03(c) of the Agreement, we have received a summary of bids in connection with our Competitive Bid Request dated , 19[], and in accordance with Section 2.03(d) of the 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 Citibank account number []
 on [date].

Very truly yours,

Eli Lilly and Company,

By _____

Name:

Title:

FORM OF STANDBY BORROWING REQUEST

Citicorp USA, Inc., as Advance Agent
for the Lenders referred to below,
c/o Citicorp USA, Inc.
399 Park Avenue
New York, NY 10043

[Date]

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Company"), refers to the
\$1,000,000,000 Competitive Advance and Revolving Credit Facility Agreement
dated as of October 24, 1994 (as it may hereafter be amended, modified,
extended or restated from time to time, the "Agreement"), among the Company,
the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as
Administrative Agents. Capitalized terms used herein and not otherwise defined
herein shall have the meanings assigned to such terms in the Agreement. The
Company hereby gives you notice pursuant to Section 2.04 of the Agreement that
it requests a Standby Borrowing under the Agreement, and in that connection
sets forth below the terms on which such Standby Borrowing is requested to be
made:

- (A) Date of Standby Borrowing (which is a Business Day)
(B) Principal amount of Standby Borrowing(1)
(C) Interest rate basis(2)
(D) Interest Period and the last day thereof(3)

Upon acceptance of any or all of the Loans made by the Lenders in response to
this request, the Company shall be deemed to have represented and warranted
that the conditions to lending specified in Section 4.01(b) and (c) of the
Agreement have been satisfied.

Very truly yours,

Eli Lilly and Company,

By _____
Name:
Title: [Financial Officer]

- (1) Not less than \$25,000,000 (and in integral multiples of \$1,000,000) or
greater than the Total Commitment then available.
(2) Eurodollar Loan or ABR Loan.
(3) Which shall be subject to the definition of "Interest Period" and end not
later than the Maturity Date.

[FORM OF]

ASSIGNMENT AND ACCEPTANCE

Dated: , 19

Reference is made to the \$1,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (the "Agreement"), among Eli Lilly and Company (the "Company"), the lenders listed in Schedule 2.01 thereto (the "Lenders") and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents for the Lenders. Terms defined in the 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], the interests set forth on the reverse hereof (the "Assigned Interest") in the Assignor's rights and obligations under the Agreement, including, without limitation, the interests set forth on the reverse hereof in the Commitment of the Assignor on the [Effective Date] and the Competitive Loans and Standby Loans owing to the Assignor which are outstanding on the [Effective Date], together with unpaid interest accrued on the assigned Loans to the [Effective Date] and the amount, if any, set forth on the reverse hereof of the Fees accrued to the [Effective Date] for the account of the Assignor. 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 8.04 of the 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 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 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, the forms specified in Section 2.19(g) of the Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the Agreement, an Administrative Questionnaire in the form of Exhibit B to the Agreement and (iii) a processing and recordation fee of \$3,000.

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: _____

Legal Name of Assignee: _____

Assignee's Address for Notices: _____

Effective Date of Assignment
(may not be fewer than 5 Business
Days after the Date of Assignment): _____

FACILITY -----	PRINCIPAL AMOUNT ASSIGNED (AND IDENTIFYING INFORMATION AS TO INDIVIDUAL COMPETITIVE LOANS) -----	PERCENTAGE ASSIGNED OF FACILITY/COMMITMENT (SET FORTH, TO AT LEAST 8 DECIMALS, AS A PERCENTAGE OF THE FACILITY AND THE AGGREGATE COMMITMENTS OF ALL LENDERS THEREUNDER) -----
Commitment Assigned:	\$	%
Standby Loans:	\$	%
Competitive Loans:	\$	%
Fees Assigned (if any):	\$	%

The terms set forth and on the reverse side hereof are hereby agreed to:

Accepted (if required):
Eli Lilly and Company,

as Assignor,

by: _____
Name:

Title:

by: _____
Name:
Title:

as Assignee,

by: _____
Name:
Title:

[FORM OF]

OPINION OF COUNSEL FOR ELI LILLY AND COMPANY(1)

1. Eli Lilly and Company (the "Corporation") (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, (ii) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (iii) is qualified to do business in every jurisdiction within the United States where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (iv) has all requisite corporate power and authority to execute, deliver and perform its obligations under the Credit Agreement and to borrow funds thereunder.

2. The execution, delivery and performance by the Corporation of the Credit Agreement and the borrowings thereunder (collectively, the "Transactions") (i) have been duly authorized by all requisite corporate action and (ii) will not (a) violate (1) any provision of law, statute, rule or regulation (including without limitation, the Margin Regulations), or of the certificate of incorporation or other constitutive documents or by-laws of the Corporation, (2) any order of any governmental authority or (3) any provision of any indenture, agreement or other instrument to which the Corporation is a party or by which it or its property is or may be bound, (b) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (c) result in the creation or imposition of any lien upon any property or assets of the Corporation.

3. The Agreement has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable against it in accordance with its terms, subject as to the enforceability of rights and remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights from time to time in effect.

4. No action, consent or approval of, registration or filing with, or any other action by, any government authority is or will be required in connection with the Transactions, except such as have been made or obtained and are in full force and effect.

5. Neither the Corporation nor any of its subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 (the "1940 Act") or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

 (1) Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the \$1,000,000,000 Competitive Advance and Revolving Credit Facility Agreement (the "Agreement") dated as of October 24, 1994, among Eli Lilly and Company, the lenders listed in Schedule 2.01 thereto, and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents.

FORM OF NOTICE
OF
TERMINATION OF EXISTING LINES OF CREDIT

ELI LILLY AND COMPANY
LILLY CORPORATE CENTER
INDIANAPOLIS, INDIANA 46285
(317) 276-2000

October 24, 1994

[Name of Lender]
[Address]

Attention of []

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Borrower") refers to the letter agreement dated as of [] among the Borrower and [] (the "Lender"), representing \$[] of available credit to the Borrower (the "line of credit").

In accordance with Section 4.02(a) of the Competitive Advance and Revolving Credit Facility Agreements dated as of October 24, 1994 among the Borrower, the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents for the Lenders, we hereby notify you that the line of credit is hereby terminated as of the date hereof.

Very truly yours,

Eli Lilly and Company

By _____

Name:
Title:

FORM OF NOTICE
OF
COMPLIANCE WITH CONDITIONS TO CLOSING

ELI LILLY AND COMPANY
LILLY CORPORATE CENTER
INDIANAPOLIS, INDIANA 46285
(317) 276-2000

October 24, 1994

[Name of Administrative Agent]
[Address]

Attention of []

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Borrower") refers to the Competitive Advance and Revolving Credit Facility Agreements dated as of October 24, 1994 among the Borrower, the Lenders named therein and Citicorp USA, Inc. and Chemical Bank as Administrative Agents for the Lenders.

In accordance with Section 4.02(c) of the Agreement, we hereby notify you that we have complied in full with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01 of the Agreement.

Very truly yours,

Eli Lilly and Company

By _____
Name: [Financial Officer]

COMMITMENTS

LENDERS - - - - -	COMMITMENT -----
Chemical Bank..... 270 Park Avenue New York, NY 10017 Attention: Christopher Stout Telephone: (212) 270-9699 Telefax: (212) 270-1053	\$62,500,000
Citicorp USA, Inc..... 200 South Wacker Drive Chicago, IL 60606 Attention: Richard L. Michel Telephone: (312) 993-3130 Telefax: (312) 993-1050	\$62,500,000
Bank of America National Trust and Savings Association..... 201 South LaSalle Street, 9th Floor, Number 908 Chicago, IL 60697 Attention: Patricia DelGrande Telephone: (312) 828-3122 Telefax: (312) 765-2080	\$55,000,000
Morgan Guaranty Trust Company of New York..... 60 Wall Street, 22nd Floor New York, NY 10260 Attention: Kevin J. O'Brien Telephone: (212) 648-9974 Telefax: (212) 648-5018	\$55,000,000
Bank Brussels Lambert--New York Branch..... 70 West Madison Avenue, Suite 5610 Chicago, IL 60602 Attention: Kathleen E. Zeider Telephone: (312) 541-0070 Telefax: (312) 541-0072	\$45,000,000
Banque Nationale de Paris..... 209 South LaSalle Street 5th Floor Chicago, IL 60604 Attention: Frederick H. Moryl, Jr. Telephone: (312) 977-2211 Telefax: (312) 977-1380	\$45,000,000

LENDERS

COMMITMENT

LENDERS -----	COMMITMENT -----
Bayerische Hypotheken-und Wechsel-Bank Aktiengesellschaft.....	\$45,000,000
Financial Square 32 Old Slip New York, NY 10005 Attention: Wolfgang Novotny Telephone: (212) 440-0789 Telefax: (212) 440-0741	
The Chase Manhattan Bank, N.A.....	\$45,000,000
1 Chase Manhattan Plaza, 5th Floor New York, NY 10081 Attention: Robert W. Cook Telephone: (212) 552-7794 Telefax: (212) 552-6731	
Credit Suisse.....	\$45,000,000
12 East 49th Street, 41st Floor New York, NY 10017 Attention: Kris Kristinsson Telephone: (212) 238-5206 Telefax: (212) 238-5245	
The Dai-Ichi Kangyo Bank, Ltd., Chicago Branch.....	\$45,000,000
10 South Wacker Drive, 26th Floor Chicago, IL 60606 Attention: Richard R. Howard Telephone: (312) 715-6369 Telefax: (312) 876-2011	
Deutsche Bank AG, Chicago Branch and/or Cayman Islands Branch.....	\$45,000,000
227 West Monroe, Suite 4350 Chicago, IL 60606 Attention: Beth A. Rosenberry Telephone: (312) 578-4104 Telefax: (312) 578-4111	
The First National Bank of Chicago.....	\$45,000,000
One First National Plaza, Suite 0324 Chicago, IL 60670-0324 Attention: Steven R. Fercho Telephone: (312) 732-6466 Telefax: (312) 732-1712	

LENDERS -----	COMMITMENT -----
Mellon Bank, N.A..... 55 West Monroe Chicago, IL 60603 Attention: Laurel L. Larson Telephone: (312) 357-3408 Telefax: (312) 357-3414	\$45,000,000
The Mitsubishi Bank, Limited, Chicago Branch..... 115 South LaSalle Street, Suite 2100 Chicago, IL 60603 Attention: John A. Cunningham Telephone: (312) 269-0448 Telefax: (312) 263-2555	\$45,000,000
National Westminster Bank Plc..... 33 North Dearborn Street, Suite 1200 Chicago, IL 60602-3105 Attention: Ernest V. Hodge Telephone: (312) 621-1534 Telefax: (312) 621-1564	\$45,000,000
Royal Bank of Canada..... One North Franklin, Suite 700 Chicago, IL 60606 Attention: Molly Drennan Telephone: (312) 551-1615 Telefax: (312) 551-0805	\$45,000,000
Societe Generale..... 181 West Madison Street, Suite 3400 Chicago, IL 60602 Attention: May I. Mallouh Telephone: (312) 578-5166 Telefax: (312) 578-5099	\$45,000,000
Swiss Bank Corporation--Chicago..... 141 West Jackson, 8th Floor Chicago, IL 60604 Attention: William A. McDonnell Telephone: (312) 554-6417 Telefax: (312) 554-6410	\$45,000,000
Wachovia Bank of Georgia, N.A..... 191 Peachtree Street, N.W., 28th Floor (MC GA 370) Atlanta, GA 30303 Attention: Richard B. Macon Telephone: (404) 332-6739 Telefax: (404) 332-6898	\$45,000,000

LENDERS -----	COMMITMENT -----
Bank of Montreal..... 115 South LaSalle Street Chicago, IL 60603 Attention: Sharron P. Walsh Telephone: (312) 750-3743 Telefax: (312) 750-3783	\$ 22,500,000
Istituto Bancario San Paolo Di Terino..... 245 Park Avenue New York, NY 10167 Attention: Davide Scarselli Telephone: (212) 692-3172 Telefax: (212) 599-5303	\$ 22,500,000
National City Bank, Indiana..... 101 West Washington Street, Suite 200E Indianapolis, IN 46255 Attention: Frank B. Meltzer Telephone: (317) 267-6132 Telefax: (317) 267-8899	\$ 22,500,000
NBD Bank, N.A..... One Indiana Square, Suite 308 Indianapolis, IN 46266 Attention: Thomas F. Bareford Telephone: (317) 266-6430 Telefax: (317) 266-6042	\$ 22,500,000
	----- \$1,000,000,000 =====

CREDIT FACILITIES TO BE TERMINATED

BANK - - - - -	AVAILABLE	USED

	(\$ MILLIONS)	
Chemical Bank.....	\$125	0
Citicorp USA, Inc.....	120	0
Morgan Guaranty Trust Company of New York.....	25	0
J. P. Morgan Delaware.....	25	0
Union Bank of Switzerland.....	50	0
Bank of America National Trust and Savings Association.....	30	0
National City Bank Indiana, N.A. (formerly Merchants National Bank and Trust Company of Indianapolis).....	30	0
NBD Bank, N.A., formerly INB National Bank.....	30	0
Wachovia Bank of Georgia, N.A.....	30	0
Mellon Bank, N.A.....	25	0
The Chase Manhattan Bank, N.A.....	50	0
Bank One Indianapolis, N.A.....	20	0
The Mitsubishi Bank, Limited.....	20	0
National Westminster Bank, Plc (Line 1).....	10	0
National Westminster Bank, Plc (Line 2).....	10	0
	----	---
Subtotal.....	\$600	\$ 0
	=====	===

COMPETITIVE ADVANCE AND
REVOLVING CREDIT FACILITY AGREEMENT

(364-DAY FACILITY)

DATED AS OF OCTOBER 24, 1994

AMONG

ELI LILLY AND COMPANY,

THE LENDERS NAMED HEREIN,

CHEMICAL BANK, AS ADMINISTRATIVE AGENT

AND

CITICORP USA, INC., AS ADMINISTRATIVE AGENT

TABLE OF CONTENTS

ARTICLE/SECTION -----	PAGE -----
I. DEFINITIONS.....	4
1.01. Defined Terms.....	4
1.02. Terms Generally.....	12
II. THE CREDITS.....	13
2.01. Commitments.....	13
2.02. Loans.....	13
2.03. Competitive Bid Procedure.....	14
2.04. Standby Borrowing Procedure.....	15
2.05. Conversion and Continuation of Standby Loans.....	16
2.06. Fees.....	16
2.07. Repayment of Loans; Evidence of Debt.....	17
2.08. Interest on Loans.....	17
2.09. Default Interest.....	18
2.10. Alternate Rate of Interest.....	18
2.11. Termination and Reduction of Commitments.....	18
2.12. Prepayment.....	18
2.13. Reserve Requirements; Change in Circumstances.....	19
2.14. Change in Legality.....	20
2.15. Indemnity.....	20
2.16. Pro Rata Treatment.....	21
2.17. Sharing of Setoffs.....	21
2.18. Payments.....	21
2.19. Taxes.....	22
2.20. Duty to Mitigate; Assignment of Commitments Under Certain Circumstances.....	24
2.21. Extension of Maturity Date.....	24(2)
III. REPRESENTATIONS AND WARRANTIES.....	25
3.01. Organization; Powers.....	25
3.02. Authorization.....	25
3.03. Enforceability.....	25
3.04. Governmental Approvals.....	25
3.05. Financial Statements.....	25
3.06. Litigation; Compliance with Laws.....	25
3.07. Federal Reserve Regulations.....	26
3.08. Use of Proceeds.....	26
3.09. Taxes.....	26
3.10. Employee Benefit Plans.....	26
3.11. Environmental and Safety Matters.....	26
IV. CONDITIONS OF LENDING.....	26
4.01. All Borrowings.....	26
4.02. Closing Date.....	27
V. COVENANTS.....	27
5.01. Existence.....	27
5.02. Business and Properties	28
5.03. Financial Statements, Reports, Etc.....	28
5.04. Insurance.....	28
5.05. Obligations and Taxes.....	28

ARTICLE/SECTION -----	PAGE -----
5.06. Litigation and Other Notices.....	28
5.07. Consolidations, Mergers, and Sales of Assets.....	29
5.08. Ratio of Funded Debt to Total Capitalization.....	29
5.09. Liens.....	29
5.10. Limitations on Sale and Leaseback.....	30
VI. EVENTS OF DEFAULT.....	30
VII. THE ADMINISTRATIVE AGENTS.....	32
VIII. MISCELLANEOUS.....	34
8.01. Notices.....	34
8.02. Survival of Agreement.....	34
8.03. Binding Effect.....	34
8.04. Successors and Assigns.....	34
8.05. Expenses; Indemnity	36
8.06. Applicable Law.....	37
8.07. Waivers; Amendment.....	37
8.08. Entire Agreement.....	37
8.09. Severability.....	37
8.10. Counterparts.....	37
8.11. Headings.....	37
8.12. Right of Setoff.....	38
8.13. Jurisdiction; Consent to Service of Process.....	38
8.14. Waiver of Jury Trial.....	38

EXHIBITS AND SCHEDULES

Exhibit A-1	Form of Competitive Bid Request
Exhibit A-2	Form of Notice of Competitive Bid Request
Exhibit A-3	Form of Competitive Bid
Exhibit A-4	Form of Competitive Bid Accept/Reject Letter
Exhibit A-5	Form of Standby Borrowing Request
Exhibit B	Form of Assignment and Acceptance
Exhibit C	Form of Opinion of Counsel for Eli Lilly and Company
Exhibit D	Form of Administrative Questionnaire
Exhibit E	Form of Notice of Termination of Existing Lines of Credit
Exhibit F	Form of Notice of Compliance with Conditions to Closing
Schedule 2.01	Commitments
Schedule 4.02	Credit Facilities to be Terminated

COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY AGREEMENT (the "Agreement") dated as of October 24, 1994, among ELI LILLY AND COMPANY, an Indiana corporation (the "Borrower"), the lenders listed in Schedule 2.01 (the "Lenders"), CHEMICAL BANK, a New York banking corporation, as administrative agent for the Lenders (in such capacity, "Chemical"), and CITICORP USA, INC., as administrative agent for the Lenders (in such capacity, "Citicorp USA"; Chemical and Citicorp USA are referred to herein individually as an "Administrative Agent" and collectively as the "Administrative Agents") and as competitive facility advance agent (in such capacity, the "Advance Agent").

The Lenders have been requested to extend credit to the Borrower (such term and each other capitalized term used but not defined herein having the meaning assigned to it in Article I) to enable it to borrow on a standby revolving credit basis on and after the date hereof and at any time and from time to time prior to the Maturity Date a principal amount not in excess of \$3,000,000,000 at any time outstanding. The Lenders have also been requested 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 proceeds of such borrowings are to be used for working capital and other general corporate purposes (other than hostile acquisitions), including commercial paper backup. The Lenders are willing to extend such credit on the terms and subject to the conditions herein set forth.

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 Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

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

"Administrative Questionnaire" shall mean an administrative questionnaire delivered by a Lender pursuant to Section 8.04(e) in the form of Exhibit D.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly or indirectly controls or is controlled by or is under common control with the person specified.

"Alternate Base Rate" shall mean, for any day, a rate per annum equal to the greater of (a) the rate of interest per annum publicly announced from time to time by Citibank, N.A. as its base rate in effect at its principal office in New York City and (b) 1/2 of one percent per annum above the Federal Funds Effective Rate. If for any reason Citibank, N.A. shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the rate specified in clause (b) of the first sentence of this definition for any reason, including the inability or failure of Citibank, N.A. to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate shall be effective on the effective date of any change in such rate.

"Applicable Margin" shall mean on any date, with respect to Eurodollar Loans, the applicable percentage set forth below based upon the Ratings in effect on such date:

CATEGORY 1	
Aaa or higher by Moody's; AAA or higher by S&P.....	.130%
CATEGORY 2	
Aa3 or higher but lower than Aaa by Moody's; AA- or higher but lower than AAA by S&P.....	.150%
CATEGORY 3	
Lower than Aa3 by Moody's; Lower than AA- by S&P.....	.185%

For purposes of the foregoing, (i) if either Moody's or S&P shall not have in effect a Rating (other than by reason of the circumstances referred to in the penultimate sentence of this definition), then such Rating Agency shall be deemed to have established a rating in Category 3; (ii) if the Ratings shall fall within different Categories, the Applicable Margin shall be based upon the higher of the two Ratings, and (iii) if any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change in the Applicable Margin shall apply to all outstanding Eurodollar Loans 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 any Rating Agency shall change, or if any Rating Agency shall cease to be in the business of rating corporate debt obligations or shall not have in effect a Rating for reasons outside the control of the Borrower, the parties hereto shall negotiate in good faith to amend this definition to reflect such changed rating system or the absence of such Rating, and pending the effectiveness of any such amendment the Applicable Margin shall be determined by reference to the Rating from the other Rating Agency. The Applicable Margin determined as provided above shall be increased by .050% for any date on which (a) the Applicable Margin is determined by reference to Category 3 and (b) the average principal amount of Loans outstanding during the most recently completed period of 30 days exceeded 50% of the average amount of the Commitments in effect during such period (the amount of such increase being called the "Utilization Fee").

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee in the form of Exhibit B.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Board of Directors" shall mean the Board of Directors of the Borrower or any duly authorized committee thereof.

"Borrowing" shall mean a group of Loans of a single Type made by the Lenders (or, in the case of a Competitive Borrowing, by the Lender or Lenders whose Competitive Bids have been accepted pursuant to Section 2.03) on a single date and as to which a single Interest Period is in effect.

"Business Day" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; 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, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"A Change in Control" shall be deemed to have occurred if (a) any person or group of persons (other than (i) the Borrower, (ii) any subsidiary of the Borrower, (iii) any employee or director benefit plan or stock plan of the Borrower or a subsidiary of the Borrower or any trustee or fiduciary with respect to any such plan when acting in that capacity or any trust related to any such plan or (iv) Lilly Endowment, Inc.) shall have acquired beneficial ownership of shares representing more than 20% of the combined voting power represented by the outstanding Voting Shares of the Borrower (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder) including, for this purpose, shares that would constitute Voting Shares but for the application of the Indiana Control Share Statute, or (b) during any period of 12 consecutive months, commencing before or after the date of this Agreement, individuals who on the first day of such period were directors of the Borrower (together with any replacement or additional directors who were nominated or elected by a majority of directors then in office) cease to constitute a majority of the Board of Directors of the Borrower.

"Closing Date" shall mean October 24, 1994.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Commitment" shall mean, with respect to each Lender, the commitment of such Lender hereunder as set forth in Schedule 2.01 hereto or in an Assignment and Acceptance delivered by such Lender under Section 8.04 as such Lender's Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.11 or pursuant to one or more assignments under Section 8.04. The Commitment of each Lender shall automatically and permanently terminate on the Maturity Date if not terminated earlier pursuant to the terms hereof.

"Competitive Bid" shall mean an offer by a Lender to make a Competitive Loan pursuant to Section 2.03.

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

"Competitive Bid Rate" shall mean, as to any Competitive Bid, (i) in the case of a Eurodollar Loan, the Margin, and (ii) 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 pursuant to Section 2.03 in the form of Exhibit A-1.

"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 under the bidding procedure described in Section 2.03.

"Competitive Loan" shall mean a Loan made pursuant to the bidding procedure described in Section 2.03. Each Competitive Loan shall be a Eurodollar Competitive Loan or a Fixed Rate Loan.

"Consolidated Net Tangible Assets" shall mean the total amount of assets (less applicable reserves and other properly deductible items) after deducting (1) all current liabilities (excluding the amount of those which are by their terms extendable or renewable at the option of the obligor to a date more than 12 months after the date as of which the amount is being determined) and (2) all goodwill, tradenames, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent balance sheet of the Borrower and its consolidated subsidiaries and determined 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.

"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.

"Environmental and Safety Laws" shall mean any and all applicable current and future treaties, laws, regulations, enforceable requirements, binding determinations, orders, decrees, judgments, injunctions, permits, approvals, authorizations, licenses, permissions, notices or binding agreements issued, promulgated or entered by any Governmental Authority, relating to the environment, to employee health or safety as it pertains to the use or handling of, or exposure to, Hazardous Substances, to preservation or reclamation of natural resources or to the management, release or threatened release of contaminants or noxious odors, including the Hazardous Materials Transportation Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984, the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, the Clean Air Act of 1970, as amended, the Toxic Substances Control Act of 1976, the Occupational Safety and Health Act of 1970, as amended, the Emergency Planning and Community Right-to-Know Act of 1986, the Safe Drinking Water Act of 1974, as amended, and any similar or implementing state law and all amendments or regulations promulgated thereunder.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be 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 of the Code.

"ERISA Termination Event" shall mean (i) a "Reportable Event" described in Section 4043 of ERISA and the regulations issued thereunder (other than a "Reportable Event" not subject to the provision for 30-day notice to the PBGC under such regulations), or (ii) the withdrawal of a Borrower or any of its ERISA Affiliates from a "single employer" Plan during a plan year in which it was a "substantial employer", both of such terms as defined in Section 4001(a) of ERISA, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or (vi) the partial or complete withdrawal of the Borrower or any ERISA Affiliate of the Borrower from a Multiemployer Plan as defined in Section 4001(a)(3) of ERISA.

"Eurodollar Borrowing" shall mean a Borrowing comprised of Eurodollar Loans.

"Eurodollar Competitive Loan" shall mean any Competitive Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Eurodollar Loan" shall mean any Eurodollar Competitive Loan or Eurodollar Standby Loan.

"Eurodollar Standby Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Article VI.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Facility A Credit Agreement" shall mean the \$1,000,000,000 Competitive Advance and Revolving Credit Facility dated the date hereof among the parties hereto.

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

"Facility Fee Percentage" shall mean on any date the applicable percentage set forth below based upon the Ratings in effect on such date:

	FACILITY FEE PERCENTAGE
CATEGORY 1	
Aaa or higher by Moody's; AAA or higher S&P.....	.050%
CATEGORY 2	
Aa3 or higher but lower than Aaa by Moody's; AA- or higher but lower than AAA by S&P.....	.050%
CATEGORY 3	
Lower than Aa3 by Moody's; Lower than AA- by S&P.....	.065%

For purposes of the foregoing, (i) if either Moody's or S&P shall not have in effect a Rating (other than by reason of the circumstances referred to in the last sentence of this definition), then such Rating Agency shall be deemed to have established a rating in Category 3; (ii) if the Ratings shall fall within different Categories, the Facility Fee Percentage shall be based upon the higher of the two Ratings, and (iii) if any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change with respect to the Borrower shall apply at any time 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 any Rating Agency shall change, or if any Rating Agency shall cease to be in the business of rating corporate debt obligations or shall not have in effect a Rating for reasons outside the control of the Borrower, the parties hereto shall negotiate in good faith to amend this definition to reflect such changed rating system or the absence of such Rating, and pending the effectiveness of any such amendment the Facility Fee Percentage shall be determined by reference to the Rating from the other Rating Agency.

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

"Fees" shall mean the Facility Fee, the Administrative Fees and the Utilization Fee.

"Financial Officer" of any corporation shall mean the chief financial officer, principal accounting officer or treasurer of such corporation.

"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.

"Funded Debt" shall mean, with respect to the Borrower and its consolidated subsidiaries at any time, the sum, on a consolidated basis determined in accordance with GAAP, of (a) the aggregate principal amount of indebtedness of such person for borrowed money outstanding at such time, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments if recorded as debt on the Borrower's financial statements and (c) the aggregate amount of Guarantee Obligations of such persons outstanding at such time that relate to indebtedness of a primary obligor other than the Borrower or any such consolidated subsidiary.

"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.

"Guarantee Obligations" of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any indebtedness (including any interest and fees owing in respect of such indebtedness) of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such person, 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 property, securities or services for the purpose of assuring the owner of such indebtedness of the payment of such indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such indebtedness; provided, however, that the term Guarantee Obligations shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Hazardous Substances" shall mean any toxic, radioactive, mutagenic, carcinogenic, noxious, caustic or otherwise hazardous substance, material or waste, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics, including, without limitation, polychlorinated biphenyls ("PCBs"), asbestos or asbestos-containing material, and any substance, waste or material regulated under Environmental and Safety Laws.

"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, (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 Guarantee Obligations of such person and (g) all Capital Lease Obligations of such person. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner.

"Interest Payment Date" shall mean, with respect to any Loan, the last day of each Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months' duration or a Fixed Rate Loan with an Interest Period of more than 90 days' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration or 90 days' duration, as the case may be, been applicable to such Loan and, in addition, the date of any prepayment of each Loan or conversion of such Loan to a Loan of a different Type.

"Interest Period" shall mean (a) as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, 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, (b) as to any ABR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Maturity Date and (iii) the date such Borrowing is converted to a Borrowing of a different Type in accordance with Section 2.05 or repaid or prepaid in accordance with Section 2.07 or Section 2.12 and (c) as 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 offer to make the Fixed Rate Loans comprising such

Borrowing were extended, which shall not be earlier than one day 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 Eurodollar Loans 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.

"LIBO Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the arithmetic average of the rates at which dollar deposits approximately equal in principal amount to such Borrowing and for a maturity comparable to such Interest Period are offered to the principal London offices of the Reference Banks (or, if any Reference Bank does not at the time maintain a London office, the principal London office of any Affiliate of such Reference Bank) in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided, however, that, if only two Reference Banks notify the Administrative Agents of the rates offered to such Reference Banks (or any Affiliates of such Reference Banks) as aforesaid, LIBO Rate with respect to such Eurodollar Borrowing shall be equal to the arithmetic average of the rates so offered to such Reference Banks (or any such Affiliates); provided further, however, that, if only one or none of the Reference Banks notifies the Administrative Agents of the rate offered to it (or one of its Affiliates) as aforesaid, LIBO Rate with respect to such Eurodollar Borrowing shall be determined by the Administrative Agents and shall equal the arithmetic average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates that appear on the Reuters Screen LIBO Page as of 11:00 a.m. (London time) on such date for such dollar deposits and for a maturity comparable to such Interest Period. "Reuters Screen LIBO Page" shall mean the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks).

"Lien" shall mean any mortgage, lien, pledge, encumbrance, charge or security interest.

"Loan" shall mean a Competitive Loan or a Standby Loan, whether made as a Eurodollar Loan, an ABR Loan or a Fixed Rate Loan, as permitted hereby.

"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 Regulations" shall mean Regulations G, T, U and X of the Board as from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Margin Stock" shall have the meaning given such term under Regulation U of the Board.

"Material Adverse Effect" shall mean a materially adverse effect on the business, properties or financial condition of the Borrower and its subsidiaries taken as a whole.

"Maturity Date" shall mean October 23, 1995.

"Moody's" shall mean Moody's Investors Service, Inc.

"Notice of Competitive Bid Request" shall mean a notification made pursuant to Section 2.03 in the form of Exhibit A-2.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan as defined in Section 4001(a)(3) of ERISA, subject to the provisions of Title IV of ERISA or Section 412 of the Code that is maintained for current or former employees, or any beneficiary thereof, of the Borrower or any ERISA Affiliate.

"Rating Agencies" shall mean Moody's and S&P.

"Ratings" shall mean the ratings from time to time established by the Rating Agencies for senior, unsecured, non-credit-enhanced long-term debt of the Borrower.

"Reference Banks" shall mean Chemical, Citibank, N.A. and Swiss Bank Corporation.

"Register" shall have the meaning given such term in Section 8.04(d).

"Regulation D" shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Required Lenders" shall mean, at any time, Lenders having Commitments representing at least 51% of the Total Commitment or, for purposes of acceleration pursuant to clause (ii) of Article VI, Lenders holding Loans representing at least 51% of the aggregate principal amount of the Loans outstanding.

"Restricted Property" shall mean (1) any manufacturing facility, or portion thereof, owned or leased by the Borrower or any Subsidiary and located within the continental United States of America which, in the opinion of the board of directors of the Borrower, is of material importance to the business of the Borrower and its Subsidiaries taken as a whole, but no such manufacturing facility, or portion thereof, shall be deemed of material importance if its gross book value (before deducting accumulated depreciation) is less than 2% of Consolidated Net Tangible Assets, or (2) any shares of capital stock or indebtedness of any Subsidiary owning any such manufacturing facility. As used in this definition, "manufacturing facility" means property, plant and equipment used for actual manufacturing and for activities directly related to manufacturing such as quality assurance, engineering, maintenance, staging areas for work in process materials, employees' eating and comfort facilities and manufacturing administration, and it excludes sales offices, research facilities and facilities used only for warehousing or general administration.

"Sale and Leaseback Transaction" shall mean any arrangement with any person pursuant to which the Borrower or any Subsidiary leases any Restricted Property that has been or is to be sold or transferred by the Borrower or the Subsidiary to such person, other than (1) temporary leases for a term, including renewals at the option of the lessee, of not more than three years, (2) leases between the Borrower and a Subsidiary or between Subsidiaries, (3) leases of a Restricted Property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation of the Restricted Property, and (4) arrangements pursuant to any provision of law with an effect similar to the former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended.

"S&P" shall mean Standard and Poor's Corporation.

"SEC" shall mean the Securities and Exchange Commission.

"Standby Borrowing" shall mean a Borrowing consisting of simultaneous Standby Loans from each of the Lenders.

"Standby Borrowing Request" shall mean a request made pursuant to Section 2.04 in the form of Exhibit A-5.

"Standby Loans" shall mean the revolving loans made pursuant to Section 2.04. Each Standby Loan shall be a Eurodollar Standby Loan or an ABR Loan.

"Stockholders' Equity" shall mean, with respect to the Borrower and its consolidated subsidiaries at any time, stockholders equity at such time, determined on a consolidated basis in accordance with GAAP.

"subsidiary" shall mean, with respect to any person (the "parent"), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the ordinary voting power, or more than 50% of the general partnership interests, are, at the time as of which any determination is being made, owned or 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 a subsidiary of the Borrower.

"Total Capitalization" shall mean, with respect to the Borrower and its consolidated subsidiaries at any time, the sum of (a) Funded Debt at such time and (b) Stockholders' Equity at such time.

"Total Commitment" shall mean, at any time, the aggregate amount of Commitments of all the Lenders, as in effect at such time.

"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, "Rate" shall include the LIBO Rate, the Alternate Base Rate and the Fixed Rate.

"Value" shall mean, with respect to a Sale and Leaseback Transaction, an amount equal to the net present value of the lease payments with respect to the term of the lease remaining on the date as of which the amount is being determined, without regard to any renewal or extension options contained in the lease, discounted at the weighted average interest rate on the Loans which are outstanding on the effective date of such Sale and Leaseback Transaction.

"Voting Shares" shall mean, as to shares of a particular corporation, outstanding shares of stock of any class of such corporation entitled to vote in the election of directors, excluding shares entitled so to vote only upon the happening of some contingency.

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". 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 for purposes of determining compliance with any covenant set forth in Article V, such terms shall be construed in accordance with GAAP as in effect on the date hereof applied on a basis consistent with the application used in preparing the Borrower's audited financial statements referred to in Section 3.05, provided that, if GAAP shall change after the date hereof, the Borrower and the Lenders shall, upon the request of the Borrower or the Required Lenders, negotiate in good faith to modify the covenants set forth in Sections 5.08, 5.09 and 5.10 to give effect to such change, in which event pending such modification, all determinations of compliance with such covenants shall be made in accordance with GAAP as in effect immediately prior to such change applied on a basis consistent with the application used in preparing the Borrower's audited financial statements referred to in Section 3.05.

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, to make Standby Loans to the Borrower, at any time and from time to time on and after the date hereof and until the earlier of the Maturity Date and the termination of the Commitment of such Lender, in an aggregate principal amount at any time outstanding not to exceed such Lender's Commitment minus the amount by which the Competitive Loans outstanding at such time shall be deemed to have used such Commitment pursuant to Section 2.16, subject, however, to the conditions that (i) at no time shall (A) the sum of (x) the outstanding aggregate principal amount of all Standby Loans made by all Lenders plus (y) the outstanding aggregate principal amount of all Competitive Loans made by all Lenders exceed (B) the Total Commitment and (ii) at all times, the outstanding aggregate principal amount of all Standby Loans made by each Lender shall equal the product of (A) the percentage which its Commitment represents of the Total Commitment times (B) the outstanding aggregate principal amount of all Standby Loans. Each Lender's Commitment is set forth opposite its name in Schedule 2.01 under the heading "Commitment". Such Commitments may be terminated or reduced from time to time pursuant to Section 2.11.

Within the foregoing limits, the Borrower may borrow, pay or prepay and reborrow Standby Loans hereunder, on and after the Closing Date and prior to the Maturity Date, subject to the terms, conditions and limitations set forth herein.

Section 2.02. Loans. (a) Each Standby Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments; provided, however, that the failure of any Lender to make any Standby 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. The Standby Loans or Competitive Loans comprising any Borrowing shall be (i) in the case of Competitive Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000 and (ii) in the case of Standby Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$25,000,000 (or an aggregate principal amount equal to the remaining balance of the available Commitments).

(b) Each Competitive Borrowing shall be comprised entirely of Eurodollar Competitive Loans or Fixed Rate Loans, and each Standby Borrowing shall be comprised entirely of Eurodollar Standby Loans or ABR 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 that the Borrower shall not be entitled to request any Borrowing which, if made, would result in an aggregate of more than 15 separate Eurodollar Standby Loans of any Lender being outstanding at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to Section 2.05, 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 Citicorp USA in New York, New York, not later than 12:00 noon, New York City time, and Citicorp USA shall by 2:00 p.m., New York City time, credit the amounts so received to the account or accounts specified from time to time in one or more notices delivered by the Borrower to Citicorp USA 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. Competitive Loans shall be made by the Lender or Lenders whose Competitive Bids therefor are accepted pursuant to Section 2.03 in the amounts so accepted. Standby Loans shall be made by the Lenders pro rata in accordance with Section 2.16. Unless Citicorp USA shall have received notice from a

Lender prior to the date of any Borrowing that such Lender will not make available to Citicorp USA such Lender's portion of such Borrowing, Citicorp USA may assume that such Lender has made such portion available to Citicorp USA on the date of such Borrowing in accordance with this paragraph (c) and Citicorp USA may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to Citicorp USA, such Lender and the Borrower severally agree to repay to Citicorp USA 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 Citicorp USA 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, the Federal Funds Effective Rate; provided that no repayment by the Borrower pursuant to this sentence shall be deemed to be a prepayment for purposes of Section 2.15. If such Lender shall repay to Citicorp USA such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

Section 2.03. Competitive Bid Procedure. (a) In order to request Competitive Bids, the Borrower shall hand deliver or telecopy to the Advance Agent a duly completed Competitive Bid Request in the form of Exhibit A-1 hereto, to be received by the Advance Agent (i) in the case of a Eurodollar Competitive Borrowing, not later than 10:00 a.m., New York City time, four Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one Business Day before a proposed Competitive Borrowing. No ABR Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit A-1 may be rejected in the Advance Agent's sole discretion, and the Advance Agent shall promptly notify the Borrower of such rejection by telecopy. Each Competitive Bid Request shall refer to this Agreement and specify (w) whether the Borrowing then being requested is to be a Eurodollar Borrowing or a Fixed Rate Borrowing, (x) the date of such Borrowing (which shall be a Business Day) and the aggregate principal amount thereof which shall be in a minimum principal amount of \$10,000,000 and in an integral multiple of \$1,000,000, and (y) 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 as aforesaid, the Advance Agent shall telecopy to each Lender a Notice of Competitive Bid Request inviting the Lender to bid, on the terms and conditions of this Agreement, to make Competitive Loans.

(b) Each Lender invited to bid may, in its sole discretion, make one or more Competitive Bids to the Borrower responsive to such Borrower's Competitive Bid Request. Each Competitive Bid by a Lender must be received by the Advance Agent by telecopy, in the form of Exhibit A-3 hereto, (i) in the case of a Eurodollar Competitive Borrowing, 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 a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Borrowing. Multiple bids will be accepted by the Advance Agent. Competitive Bids that do not conform substantially to the format of Exhibit A-3 may be rejected by the Advance Agent, and the Advance Agent shall notify the Lender making such nonconforming bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and specify (x) the principal amount (which shall be in a minimum principal amount of \$5,000,000 and in an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested) of the Competitive Loan or Loans that the Lender is willing to make, (y) the Competitive Bid Rate or Rates at which the Lender is prepared to make the Competitive Loan or Loans and (z) the Interest Period and the last day thereof. If any Lender invited to bid shall elect not to make a Competitive Bid, such Lender shall so notify the Advance Agent by telecopy (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 day of a proposed Competitive Borrowing; provided, however, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Loan as part of such Competitive Borrowing. A Competitive Bid submitted by a Lender pursuant to this paragraph (b) shall be irrevocable.

(c) The Advance Agent shall promptly notify the Borrower, by telecopy, of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each bid. The Advance Agent shall send a copy of all Competitive Bids to the Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.03.

(d) The Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The Borrower shall notify the Advance 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 any of or all the bids referred to in paragraph (c) above not more than one hour after it shall have been notified of such bids by the Advance Agent pursuant to such paragraph (c); provided, however, that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (c) above, (ii) the Borrower shall not accept a bid made at a particular Competitive Bid Rate if it has decided to reject a 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 bid or bids made at a particular Competitive Bid Rate but the amount of such bid or bids shall cause the total amount of bids to be accepted to exceed the amount specified in the Competitive Bid Request, then the Borrower shall accept a portion of such bid or bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such bid at such Competitive Bid Rate, and (v) except pursuant to clause (iv) above, no bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$10,000,000 and an integral multiple of \$1,000,000; provided further, however, that if a Competitive Loan must be in an amount less than \$10,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$5,000,000 or any integral multiple of \$1,000,000 thereof, and in calculating the pro rata allocation of acceptances of portions of multiple 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 which shall be in the discretion of the Borrower. A notice given pursuant to this paragraph (d) shall be irrevocable.

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

(f) No Competitive Borrowing shall be requested or made hereunder if after giving effect thereto any of the conditions set forth in paragraph (i) of Section 2.01 would not be met.

(g) If the Advance Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such bid directly to the Borrower one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to the Advance Agent pursuant to paragraph (b) above.

(h) All notices required by this Section 2.03 shall be given in accordance with Section 8.01.

Section 2.04. Standby Borrowing Procedure. In order to request a Standby Borrowing, the Borrower shall hand deliver or telecopy to Citicorp USA a duly completed Standby Borrowing Request in the form of Exhibit A-5 (a) in the case of a Eurodollar Standby Borrowing, not later than 10:30 a.m., New York City time, three Business Days before such Borrowing, and (b) in the case of an ABR Borrowing, not later than 10:30 a.m., New York City time, on the day of such Borrowing. No Fixed Rate Loan shall be requested or made pursuant to a Standby Borrowing Request. Such notice shall be irrevocable and shall in each case specify (i) whether the Borrowing then being requested is to be a Eurodollar Standby Borrowing or an ABR

Borrowing; (ii) the date of such Standby Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Borrowing is to be a Eurodollar Standby Borrowing, the Interest Period with respect thereto, which shall not end after the Maturity Date. If no election as to the Type of Standby Borrowing is specified in any such notice, then the requested Standby Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Standby Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Notwithstanding any other provision of this Agreement to the contrary, no Standby Borrowing shall be requested if the Interest Period with respect thereto would end after the Maturity Date. Citicorp USA shall promptly advise the Lenders of any notice given pursuant to this Section 2.04 and of each Lender's portion of the requested Borrowing.

Section 2.05. Conversion and Continuation of Standby Loans. The Borrower shall have the right at any time upon prior irrevocable notice to Citicorp USA (i) not later than 10:30 a.m., New York City time, on the day of the conversion, to convert all or any part of any Eurodollar Standby Borrowing into an ABR Borrowing, and (ii) not later than 10:30 a.m., New York City time, three Business Days prior to conversion or continuation, to convert any ABR Borrowing into a Eurodollar Standby Borrowing or to continue any Eurodollar Standby Borrowing as a Eurodollar Standby Borrowing for an additional Interest Period, subject in each case to the following:

(a) if less than all the outstanding principal amount of any Standby Borrowing shall be converted or continued, the aggregate principal amount of the Standby Borrowing converted or continued shall be an integral multiple of \$1,000,000 and not less than \$25,000,000;

(b) accrued interest on a Standby Borrowing (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(c) if any Eurodollar Standby 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 2.15;

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

(e) any portion of a Eurodollar Standby Borrowing which cannot be continued as a Eurodollar Standby Borrowing by reason of clause (d) above shall be automatically converted at the end of the Interest Period in effect for such Eurodollar Standby Borrowing into an ABR Borrowing; and

(f) no Interest Period may be selected for any Eurodollar Standby Borrowing that would end later than the Maturity Date.

Each notice pursuant to this Section 2.05 shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Standby Borrowing to be converted or continued, (ii) whether such Standby Borrowing is to be converted to or continued as a Eurodollar Standby 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 Standby Borrowing is to be converted to or continued as a Eurodollar Standby 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 Standby Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration. If no notice shall have been given in accordance with this Section 2.05 to convert or continue any Standby Borrowing, such Standby Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as an ABR Borrowing.

Section 2.06. Fees. (a) The Borrower agrees to pay to each Lender, through Citicorp USA, on each March 31, June 30, September 30 and December 31 (with the first payment being due on December 31, 1994) and on each date on which the Commitment of such Lender shall be terminated as provided herein, a facility fee (a "Facility Fee"), at a rate per annum equal to the Facility Fee Percentage from time to time in effect on

the amount of the Commitment of such Lender, whether used or unused, during the preceding quarter (or other period commencing on the date of this Agreement, or ending with the Maturity Date or any date on which the Commitment of such Lender shall be terminated). All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Facility Fee due to each Lender shall be payable in arrears and shall commence to accrue on the date of this Agreement, and shall cease to accrue on the earlier of the Maturity Date and the termination of the Commitment of such Lender as provided herein.

(b) The Borrower agrees to pay the Administrative Agents, for their own account, the administrative, auction and other fees separately agreed to by the Borrower and the Administrative Agents (collectively, the "Administrative Fees").

(c) All Fees shall be paid on the dates due, in immediately available funds, to Citicorp USA for distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances other than to correct errors in payment.

Section 2.07. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby agrees that the outstanding principal balance of each Standby Loan shall be payable on the Maturity Date and that the outstanding principal balance of each Competitive Loan shall be payable on the last day of the Interest Period applicable thereto. Each Loan shall bear interest on the outstanding principal balance thereof as set forth in Section 2.08.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness 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 such Lender from time to time under this Agreement.

(c) Citicorp USA shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type of each Loan made and 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 Citicorp USA hereunder from the Borrower and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) and (c) of this Section 2.07 shall be prima facie evidence of the existence and amounts of the obligations therein recorded; provided, however, that the failure of any Lender or Citicorp USA 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.

Section 2.08. Interest on Loans. (a) Subject to the provisions of Section 2.09, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to (i) in the case of each Eurodollar Standby Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin from time to time in effect and (ii) in the case of each Eurodollar 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.

(b) Subject to the provisions of Section 2.09, the Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, for periods during which the Alternate Base Rate is determined by reference to clause (a) of the first sentence of the definition of Alternate Base Rate and 360 days for other periods) at a rate per annum equal to the Alternate Base Rate.

(c) Subject to the provisions of Section 2.09, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) 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 each Interest Payment Date applicable to such Loan except as otherwise provided in this Agreement. The applicable LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by Citicorp USA, and such determination shall be conclusive absent manifest error.

Section 2.09. 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, whether by scheduled maturity, notice of prepayment, acceleration or otherwise, the Borrower shall on demand from time to time from any Administrative Agent pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed as provided in Section 2.08(b)) equal to the Alternate Base Rate plus 2%.

Section 2.10. 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 any Administrative Agent shall have determined (i) that dollar deposits in the principal amounts of the Eurodollar Loans comprising such Borrowing are not generally available in the London interbank market, (ii) that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to Lenders having at such time commitments representing at least 35% of the Total Commitment at such time of making or maintaining their Eurodollar Loans during such Interest Period or (iii) that reasonable means do not exist for ascertaining the LIBO Rate, such Administrative Agent shall, as soon as practicable thereafter, give telecopy notice of such determination to the Borrower and the Lenders. In the event of any such determination under clauses (i), (ii) or (iii) above, until such Administrative Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (x) 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 Agents and (y) any request by the Borrower for a Eurodollar Standby Borrowing pursuant to Section 2.04 shall be deemed to be a request for an ABR Borrowing unless the Borrower shall withdraw its request for a Borrowing. Each determination by the Administrative Agents hereunder shall be made in good faith and shall be conclusive absent manifest error.

Section 2.11. Termination and Reduction of Commitments. (a) The Commitments shall be automatically terminated on the Maturity Date.

(b) Upon at least three Business Days' prior irrevocable telecopy notice to the Administrative Agents, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction of the Total Commitment shall be in an integral multiple of \$1,000,000 and in a minimum principal amount of \$25,000,000 and (ii) no such termination or reduction shall be made which would reduce the Total Commitment to an amount less than the aggregate outstanding principal amount of the Competitive Loans.

(c) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrower shall pay to Citicorp USA for the account of the Lenders, on the date of each termination of the Total Commitment, the Facility Fees on the amount of the Commitments so terminated accrued through the date of such termination or reduction.

Section 2.12. Prepayment. (a) The Borrower shall have the right at any time and from time to time to prepay any Standby Borrowing, in whole or in part, upon giving telecopy notice (or telephone notice promptly confirmed by telecopy) to the Administrative Agents: (i) before 10:00 a.m., New York City time, three Business Days prior to prepayment, in the case of Eurodollar Loans, and (ii) before 10:00 a.m., New York City time, one Business Day prior to prepayment, in the case of ABR Loans; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000. No prepayment may be made in respect of any Competitive Borrowing.

(b) On the date of any termination or reduction of the Commitments pursuant to Section 2.11, the Borrower shall pay or prepay so much of the Standby Borrowings as shall be necessary in order that the

aggregate principal amount of the Competitive Loans and Standby Loans outstanding will not exceed the Total Commitment, after giving effect to such termination or reduction.

(c) 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 (or portion thereof) by the amount stated therein on the date stated therein. All prepayments under this Section 2.12 shall be subject to Section 2.15 but otherwise without premium or penalty. All prepayments under this Section 2.12 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

Section 2.13. Reserve Requirements; Change in Circumstances. (a) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall result in the imposition, modification or applicability of any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender, or shall result in the imposition on any Lender or the London interbank market of any other condition affecting this Agreement, such Lender's Commitment or any Eurodollar Loan or Fixed Rate Loan made by such Lender, 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 to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender to be material, then such additional amount or amounts as will compensate such Lender for such additional costs or reduction will be paid by the Borrower to such Lender upon demand. Notwithstanding the foregoing, no Lender shall be entitled to request compensation under this paragraph with respect to any Competitive Loan if the change giving rise to such request was applicable to such Lender at the time of submission of the Competitive Bid pursuant to which such Competitive Loan was made.

(b) If any Lender shall have determined that the adoption after the date hereof of any law, rule, regulation or guideline arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or any Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, such Lender's Commitment or the Loans made by such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time such additional amount or amounts as will compensate such Lender for such reduction will be paid by the Borrower to such Lender. It is acknowledged that this Agreement is being entered into by the Lenders on the understanding that the Lenders will not be required to maintain capital against their Commitments under currently applicable laws, regulations and regulatory guidelines. In the event the Lenders shall be advised by any Governmental Authority or shall otherwise determine on the basis of pronouncements of any Governmental Authority that such understanding is incorrect, it is agreed that the Lenders will be entitled to make claims under this paragraph (b) based upon market requirements prevailing on the date hereof for commitments under comparable credit facilities against which capital is required to be maintained.

(c) A certificate of each Lender setting forth such amount or amounts as shall be necessary to compensate such Lender or its holding company as specified in paragraph (a) or (b) above, as the case may be, and setting

forth in reasonable detail the manner in which such amount or amounts shall have been determined, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay each Lender the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or any other period, provided that if such Lender shall not have notified the Borrower, within 60 days after the date on which such Lender shall have become aware of such increased costs or reductions, that such Lender will demand compensation for such increased costs or reductions, such Lender's right to demand compensation shall be limited to increased costs or reductions accruing from and including the day that is 60 days prior to the date on which such Lender notifies the Borrower that such Lender will demand such compensation. The protection of this Section shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed.

Section 2.14. Change in Legality. (a) Notwithstanding any other provision herein, if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof 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 Agents, such Lender may:

(i) declare that Eurodollar Loans will not thereafter be made by such Lender hereunder, whereupon such Lender shall not submit a Competitive Bid in response to a request for Eurodollar Competitive Loans and any request for a Eurodollar Standby Borrowing shall, as to such Lender only, be deemed a request for an ABR Loan unless such declaration shall be subsequently withdrawn; and

(ii) 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 which 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 2.14, a notice by any Lender shall be effective as to each Eurodollar Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt.

Section 2.15. Indemnity. The Borrower shall indemnify each Lender against any out-of-pocket loss or expense which such Lender may sustain or incur as a consequence of (a) any failure to borrow or to refinance, convert or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing, conversion or continuation has been given pursuant to Section 2.03, 2.04 or 2.05, (b) any payment, prepayment or conversion of a Eurodollar Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period, if any, applicable thereto or (c) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise), including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurodollar Loan. Such loss or reasonable expense shall include an amount equal to the present value of the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, refinanced or not borrowed

(assumed to be the LIBO Rate applicable thereto) for the period from the date of such payment, prepayment, refinancing or failure to borrow or refinance to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow or refinance the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid or not borrowed or refinanced for such period or Interest Period, as the case may be. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section and setting forth in reasonable detail the manner in which such amount or amounts shall have been determined shall be delivered to such Borrower and shall be conclusive absent manifest error.

Section 2.16. Pro Rata Treatment. Except as required under Section 2.14, each payment or prepayment of principal of any Standby Borrowing, each payment of interest on the Standby Loans, each payment of the Facility Fees, each reduction of the Commitments and each refinancing or conversion of any Borrowing with a Standby Borrowing of any Type, shall be allocated pro rata among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Standby Loans). Each payment of principal of 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. Each payment of interest on any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Loans comprising such Borrowing. For purposes of determining the available Commitments of each Lender at any time, each outstanding Competitive Borrowing shall be deemed to have utilized the 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 Commitments. Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agents may, in their discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole dollar amount.

Section 2.17. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim, 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 Standby Loan as a result of which the unpaid principal portion of its Standby Loans shall be proportionately less than the unpaid principal portion of the Standby Loans 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 Standby Loans of such other Lender, so that the aggregate unpaid principal amount of the Standby Loans and participations in the Standby Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Standby Loans then outstanding as the principal amount of its Standby Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Standby Loans 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 2.17 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. Any Lender holding a participation in a Standby Loan 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 to such Lender by reason thereof as fully as if such Lender had made a Standby Loan in the amount of such participation.

Section 2.18. Payments. (a) The Borrower shall make each payment (including principal of or interest on any Borrowing and any Fees or other amounts) hereunder from an account in the United States not later than 12:00 noon, New York City time, on the date when due in dollars to Citicorp USA at its offices at 399 Park Avenue, New York, New York, in immediately available funds.

(b) 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.

Section 2.19. Taxes. (a) Any and all payments to the Lenders hereunder shall be made, in accordance with Section 2.18, free and clear of and without deduction for any and all current or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding (i) income taxes imposed on the income of any Administrative Agent or any Lender (or any transferee or assignee thereof, including a participation holder (any such entity a "Transferee")) and (ii) franchise taxes imposed on the income, assets or net worth of any Administrative Agent or any Lender (or Transferee), in each case by the jurisdiction under the laws of which any Administrative Agent or such Lender (or Transferee) is organized or doing business (other than as a result of entering into this Agreement, performing any obligations hereunder, receiving any payments hereunder or enforcing any rights hereunder), or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, collectively or individually, "Taxes"). If the Borrower shall be required to deduct any Taxes from or in respect of any sum payable hereunder to any Lender (or any Transferee) or any Administrative Agent, (i) the sum payable shall be increased by the amount (an "additional amount") necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.19) such Lender (or Transferee) or such Administrative Agent (as the case may be) shall receive 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 to the relevant Governmental Authority in accordance with applicable law any current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Taxes").

(c) The Borrower shall indemnify each Lender (or Transferee) and each Administrative Agent for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee) or such Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses (including reasonable attorney's fees and expenses)) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability prepared by a Lender, or an Administrative Agent on its behalf and setting forth in reasonable detail the manner in which such amount shall have been determined, absent manifest error, shall be final, conclusive and binding for all purposes. Such indemnification shall be made within 30 days after the date the Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor, which written demand shall be made within 60 days of the date such Lender (or Transferee) or Administrative Agent receives written demand for payment of such Taxes or Other Taxes from the relevant Governmental Authority.

(d) If a Lender (or Transferee) or an Administrative Agent shall become aware that it is entitled to claim a refund from a Governmental Authority in respect of 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, pursuant to this Section 2.19, it shall promptly notify the Borrower of the availability of such refund claim and shall, within 30 days after receipt of a request by the Borrower, make a claim to such Governmental Authority for such refund at the Borrower's expense. If a Lender (or Transferee) or an Administrative Agent receives a refund (including pursuant to a claim for refund made pursuant to the preceding sentence) in respect of any 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 pursuant to this Section 2.19, it shall within 30 days from the date of such receipt pay over such refund to the Borrower (but only to the extent of indemnity payments made, or

additional amounts paid, by the Borrower under this Section 2.19 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Lender (or Transferee) or such Administrative Agent and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrower, upon the request of such Lender (or Transferee) or such Administrative Agent, agrees to repay the amount paid over to the Borrower (plus penalties, interest or other charges) to such Lender (or Transferee) or such Administrative Agent in the event such Lender (or Transferee) or such Administrative Agent is required to repay such refund to such Governmental Authority.

(e) As soon as practicable after the date of any payment of Taxes or Other Taxes by the Borrower to the relevant Governmental Authority, the Borrower will deliver to the Administrative Agents, at their respective addresses referred to in Section 8.01, the original or a certified copy of a receipt issued by such Governmental Authority evidencing payment thereof.

(f) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.19 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(g) Each Lender (or Transferee) that is organized under the laws of a jurisdiction other than the United States, any State thereof or the District of Columbia (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agents two copies of either United States Internal Revenue Service Form 1001 or Form 4224, or, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Lender delivers a Form W-8, a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10 percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax on payments by the Borrower under this Agreement. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such participation holder becomes a Transferee hereunder) and on or before the date, if any, such Non-U.S. Lender changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Notwithstanding any other provision of this Section 2.19(g), a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 2.19(g) that such Non-U.S. Lender is not legally able to deliver.

(h) The Borrower shall not be required to indemnify any Non-U.S. Lender, or to pay any additional amounts to any Non-U.S. Lender, in respect of United States Federal withholding tax pursuant to paragraph (a) or (c) above to the extent that (i) the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Non-U.S. Lender became a party to this Agreement (or, in the case of a Transferee that is a participation holder, on the date such participation holder became a Transferee hereunder) or, with respect to payments to a New Lending Office, the date such Non-U.S. Lender designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to any Transferee or New Lending Office that becomes a Transferee or New Lending Office as a result of an assignment, participation, transfer or designation made at the request of the Borrower; and provided further, however, that this clause (i) shall not apply to the extent the indemnity payment or additional amounts any Transferee, or Lender (or Transferee) through a New Lending Office, would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Transferee, or Lender (or Transferee) making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Lender to comply with the provisions of paragraph (g) above.

(i) Any Lender (or Transferee) claiming any indemnity payment or additional amounts payable pursuant to this Section 2.19 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amounts that may thereafter accrue and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(j) Nothing contained in this Section 2.19 shall require any Lender (or Transferee) or any Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

Section 2.20. Duty to Mitigate; Assignment of Commitments Under Certain Circumstances. (a) Any Lender (or Transferee) claiming any additional amounts payable pursuant to Section 2.13, 2.15(c) or 2.19, or exercising its rights under Section 2.14, shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue or avoid the circumstances giving rise to such exercise and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(b) In the event that any Lender shall have delivered a notice or certificate pursuant to Section 2.13 or 2.14, or the Borrower shall be required to make additional payments to any Lender under Section 2.19, the Borrower shall have the right, at its own expense, upon notice to such Lender and the Administrative Agents, to require such Lender to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 8.04) all interests, rights and obligations contained hereunder to another financial institution approved by the Administrative Agents (which approval shall not be unreasonably withheld) which shall assume such obligations; provided that (i) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) the assignee or the Borrower, as the case may be, shall pay to the affected Lender in immediately available funds on the date of such assignment the principal of and the interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder.

Section 2.21. Extension of Maturity Date. The Borrower may, by written notice given to the Administrative Agents (such notice, a "Extension Request") received by the Administrative Agents not earlier than 45 days and not later than 35 days prior to the then applicable Maturity Date (and each Maturity Date thereafter), request the Lenders to extend the Maturity Date. If a Lender agrees, in its individual and sole discretion, to renew its Commitment (each such Lender, a "Continuing Lender") and to extend the Maturity Date, such Lender will notify the Administrative Agents (such notice, a "Continuation Notice"), in writing, of its decision to do so no earlier than the date that is 30 days prior to such Maturity Date, but in any event not later than the date that is 20 days prior to such Maturity Date. The Administrative Agents shall notify the Borrower in writing of the Lenders' decisions not later than 15 days prior to the then applicable Maturity Date, at which time the Commitments of the Continuing Lenders shall be renewed, and the Maturity Date shall be extended, for a period of 364 days from such Maturity Date; provided that (a) such extension shall be effective only if the aggregate Commitments of the Continuing Lenders in effect at such time are not less than 66 2/3% of the aggregate Commitments of the Continuing Lenders in effect at the date of the giving of the applicable Extension Request and (b) up to two Business Days prior to the Maturity Date in effect prior to such extension any Lender that is not a Continuing Lender may become a Continuing Lender by delivering a Continuation Notice to the Administrative Agents.

ARTICLE III.

Representations and Warranties

The Borrower represents and warrants to each of the Lenders and each of the Administrative Agents that:

Section 3.01. Organization; Powers. The Borrower and each of the Subsidiaries (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, except, in the case of any Subsidiary, where the failure to be so organized, existing and in good standing would not result in a Material Adverse Effect, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (d) in the case of the Borrower, has the corporate power and authority to execute, deliver and perform its obligations under this Agreement and to borrow hereunder.

Section 3.02. Authorization. The execution, delivery and performance by the Borrower of this Agreement and the Borrowings hereunder (collectively, the "Transactions") (a) have been duly authorized by all requisite corporate action and (b) will not (i) violate (A) any provision of any law, statute, rule or regulation (including, without limitation, the Margin Regulations) or of the certificate 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 it or any of its property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any lien upon any property or assets of the Borrower or any Subsidiary.

Section 3.03. Enforceability. This Agreement constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms (subject, as to enforceability, to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity)).

Section 3.04. Governmental Approvals. No action, consent or approval of, registration or filing with or other action by any Governmental Authority is required in connection with the Transactions.

Section 3.05. Financial Statements. (a) The Borrower has heretofore furnished to the Administrative Agents and the Lenders copies of (i) its audited consolidated financial statements for the year ended December 31, 1993, which were included in its annual report on Form 10-K dated December 31, 1993 (the "10-K"), filed with the SEC under the Exchange Act and (ii) its unaudited consolidated financial statements for the quarters ended March 31, 1994, and June 30, 1994, which were included in its Quarterly Reports on Form 10-Q dated March 31, 1994, and June 30, 1994, respectively, filed with the SEC under the Exchange Act. Such financial statements present fairly, in all material respects, the financial condition and the results of operations of the Borrower and the Subsidiaries, taken as a whole, as of, and for accounting periods ending on, such dates in accordance with GAAP (subject, in the case of unaudited statements, to normal year-end audit adjustments and the absence of footnotes).

(b) As of the date hereof, there has been no material adverse change in the consolidated financial condition of the Borrower and the Subsidiaries taken as a whole from the financial condition or operations reported in the financial statements referenced in paragraph (a) of this Section 3.05.

Section 3.06. Litigation; Compliance with Laws. (a) Except as disclosed in the 10-K, as of the date hereof, there are no actions, proceedings or investigations filed or (to the knowledge of the Borrower)

threatened against the Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which question the validity or legality of this Agreement, the Transactions or any action taken or to be taken pursuant to this Agreement and no order or judgment has been issued or entered restraining or enjoining the Borrower from the execution, delivery or performance of this Agreement nor is there any other action, proceeding or investigation filed or (to the knowledge of the Borrower) threatened against the Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which would be reasonably likely to result in a Material Adverse Effect.

(b) Neither the Borrower nor any Subsidiary is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would be reasonably likely to result in a Material Adverse Effect.

Section 3.07. Federal Reserve Regulations. No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose which entails a violation of, or which is inconsistent with, the provisions of the Margin Regulations.

Section 3.08. Use of Proceeds. All proceeds of the Loans shall be used for the purposes referred to in the recitals to this Agreement.

Section 3.09. Taxes. The Borrower and the Subsidiaries have filed or caused to be filed all Federal and material state, local and foreign tax returns which are required to be filed by them, and have paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by any of them, other than any taxes or assessments the validity of which is being contested in good faith by appropriate proceedings, and with respect to which appropriate accounting reserves have, to the extent required by GAAP, been set aside.

Section 3.10. Employee Benefit Plans. As of the Closing Date, the present aggregate value of accumulated benefit obligations of all Plans and all foreign employee pension benefit plans (based on those assumptions used for disclosure of such obligations in corporate financial statements in accordance with GAAP) did not, as of the most recent statements available, exceed the aggregate value of the assets for all such plans.

Section 3.11. Environmental and Safety Matters. Each of the Borrower and the Subsidiaries is in compliance with all Environmental and Safety Laws, with the exception of instances that would not in the aggregate result in any Material Adverse Effect.

ARTICLE IV.

Conditions of Lending

The obligations of the Lenders to make Loans hereunder are subject to the satisfaction of the following conditions:

Section 4.01. All Borrowings. On the date of each Borrowing (except in the case of a refinancing of Standby Borrowings that does not increase the aggregate principal amount of Standby Borrowings outstanding):

(a) The Administrative Agents shall have received a notice of such Borrowing as required by Section 2.03 or Section 2.04, as applicable.

(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 Borrowing 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 Borrowing no Event of Default or Default shall have occurred and be continuing.

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

Section 4.02. Closing Date. On the Closing Date:

(a) The Administrative Agents shall have received favorable written opinions of Dewey Ballantine, counsel to the Borrower, and Daniel Carmichael, Esq., Secretary and Deputy General Counsel of the Borrower, dated the Closing Date, addressed to the Lenders and satisfactory to Cravath, Swaine & Moore, special counsel for the Administrative Agents, collectively to the effect set forth in Exhibit C hereto.

(b) The Administrative Agents 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 or an Assistant Secretary of the Borrower, and a certificate as to the good standing of the Borrower as of a recent date from the Secretary of State of its state of incorporation; (ii) a certificate of the Secretary or an 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 referred to in clause (i) above has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to such clause (i) 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; and (iii) a certificate of another officer of the Borrower as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above.

(c) The Administrative Agents 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.

(d) The Administrative Agents shall have received any Fees or other amounts due and payable on or prior to the Closing Date.

(e) The Administrative Agents shall have received evidence satisfactory to them that the Borrower shall have terminated the credit facilities specified on Schedule 4.02 and shall have repaid or prepaid all principal, interest, fees and other amounts due or outstanding thereunder.

ARTICLE V.

Covenants

A. Affirmative Covenants. The Borrower covenants and agrees with each Lender and each Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid, unless the Required Lenders shall otherwise consent in writing, it will, and will cause each of the Subsidiaries to:

Section 5.01. Existence. Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as expressly permitted under Section 5.07 and except, in the case of any Subsidiary, where the failure to do so would not result in a Material Adverse Effect.

Section 5.02. Business and Properties. Comply in all respects with all applicable laws, rules, regulations and orders of any Governmental Authority (including Environmental and Safety Laws and ERISA), whether now in effect or hereafter enacted except instances that could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect; and at all times maintain and preserve all property material to the conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

Section 5.03. Financial Statements, Reports, Etc. In the case of the Borrower, furnish to the Administrative Agents and each Lender:

(a) within 95 days after the end of each fiscal year, its annual report on Form 10-K as filed with the SEC, including its consolidated balance sheet and the related consolidated earnings statement showing its consolidated financial condition as of the close of such fiscal year and the consolidated results of its operations during such year, all audited by Ernst & Young or other independent certified public accountants of recognized national standing selected by the Borrower and accompanied by an opinion of such accountants to the effect that such consolidated financial statements fairly present the Borrower's financial condition and results of operations on a consolidated basis in accordance with GAAP;

(b) within 50 days after the end of each of the first three fiscal quarters of each fiscal year, its quarterly report on Form 10-Q as filed with the SEC, including its unaudited consolidated balance sheet and related consolidated earnings statement, showing its consolidated financial condition as of the close of such fiscal quarter and the consolidated results of its operations during such fiscal quarter and the then elapsed portion of the fiscal year (and each delivery of such statements shall be deemed a representation that such statements fairly present the Borrower's financial condition and results of operations on a consolidated basis in accordance with GAAP, 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 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;

(d) promptly after the same become publicly available, copies of all reports on Form 8-K filed by it with the SEC, or any Governmental Authority succeeding to any of or all the functions of the SEC, or copies of all reports distributed to its shareholders, as the case may be;

(e) promptly, from time to time, such other information as any Lender shall reasonably request through any Administrative Agent; and

(f) concurrently with any delivery of financial statements under paragraph (a) or (b) above and at any time that the Borrower must comply with Section 5.08, calculations, certified by a Financial Officer of the Borrower, of the financial test referred to in Section 5.08.

Section 5.04. Insurance. Keep its insurable properties adequately insured at all times by financially sound and reputable insurers (which may include captive insurers), and maintain such other insurance or self-insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies similarly situated and in the same or similar businesses.

Section 5.05. Obligations and Taxes. Pay and discharge promptly when due all material taxes, assessments and governmental charges imposed upon it or upon its income or profits or in respect of its property, in each case before the same shall become delinquent or in default and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings and adequate reserves with respect thereto shall, to the extent required by GAAP, have been set aside.

Section 5.06. Litigation and Other Notices. Give the Administrative Agents prompt written notice of the following:

(a) the filing or commencement of, or any written threat or written notice of intention of any person to file or commence, any action, suit or proceeding which the Borrower reasonably expects to result in a Material Adverse Effect;

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

(c) any change in any of the Ratings.

B. Negative Covenants. The Borrower covenants and agrees with each Lender and each Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid, unless the Required Lenders shall otherwise consent in writing, it will not, and will not permit any of the Subsidiaries to:

Section 5.07. Consolidations, Mergers, and Sales of Assets. In the case of the Borrower (a) consolidate or merge with or into any other person or liquidate, wind up or dissolve (or suffer any liquidation or dissolution) or (b) sell, lease or otherwise transfer (in one transaction or a series of transactions), or permit any Subsidiary to sell, lease or otherwise transfer (in one transaction or a series of transactions), all or any substantial part of the assets (including capital stock of any Subsidiary) of the Borrower and the Subsidiaries, taken as a whole, to any other person; provided that (i) the Borrower may merge with another person if (A) the Borrower is the corporation surviving such merger and (B) immediately after giving effect to such merger, no Default or Event of Default shall have occurred and be continuing, and (ii) the Borrower may carry out any of the asset sales described in a letter dated the date hereof and delivered to each Lender prior to the effectiveness of this Agreement if at the time of such sale the Borrower shall deliver to the Administrative Agents a certificate of a Financial Officer to the effect that the Board of Directors of the Borrower has determined the consideration to be received by the Borrower and the Subsidiaries in connection with such sale to be at least equal to the fair market value of the assets sold.

Section 5.08. Ratio of Funded Debt to Total Capitalization. Permit, at any time that the Rating by S&P is below BBB- and the Rating by Moody's is below Baa3, the ratio of (a) Funded Debt at such time to (b) Total Capitalization at such time to exceed 0.6 to 1.0.

Section 5.09. Liens. Create, assume or suffer to exist any Lien upon any Restricted Property to secure any debt of the Borrower, any Subsidiary or any other person, or permit any Subsidiary to do so, without making effective provision whereby the Loans that may then or thereafter be outstanding shall be secured by the Lien equally and ratably with such debt for so long as such debt shall be so secured, except that the foregoing shall not prevent the Borrower or any Subsidiary from creating, assuming or suffering to exist Liens of the following character:

(a) Liens existing on the date hereof;

(b) any Lien existing on property owned or leased by a corporation at the time it becomes a Subsidiary;

(c) any Lien existing on property at the time of the acquisition thereof by the Borrower or any Subsidiary;

(d) any Lien to secure any debt incurred prior to, at the time of, or within 12 months after the acquisition of Restricted Property for the purpose of financing all or any part of the purchase price thereof and any Lien to the extent that it secures debt which is in excess of such purchase price and for the payment of which recourse may be had only against such Restricted Property;

(e) any Lien to secure any debt incurred prior to, at the time of, or within 12 months after the completion of the construction, alteration, repair or improvement of Restricted Property for the purpose of financing all or any part of the cost thereof and any Lien to the extent that it secures debt which is in excess of such cost and for the payment of which recourse may be had only against such Restricted Property;

(f) Liens securing debt of a Subsidiary owing to the Borrower or any other Subsidiary;

(g) any Lien in favor of the United States or any State or territory thereof or any other country, or any agency, instrumentality or political subdivision of any of the foregoing, to secure partial, progress, advance or other payments or performance pursuant to the provisions of any contract or statute, or any Liens securing industrial development, pollution control or similar revenue bonds;

(h) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in clauses (a) through (g) above, so long as the principal amount of the debt secured by such Lien does not exceed the principal amount of the debt so secured at the time of such extension, renewal or replacement (except that, where an additional principal amount of debt is incurred to provide funds for the completion of a specific project, the additional principal amount, and any related financing costs, may be secured by the Lien as well) and such Lien is limited to the same property subject to the Lien so extended, renewed or replaced (and improvements on the property); and

(i) any Lien not permitted by clauses (a) through (h) above securing debt which, together with the aggregate outstanding principal amount of all other debt of the Borrower and its Subsidiaries owning Restricted Property which would otherwise be subject to the foregoing restrictions and the aggregate Value of existing Sale and Leaseback Transactions which would be subject to the restrictions of this Section but for this clause (i), does not at any time exceed 15% of Consolidated Net Tangible Assets.

Section 5.10. Limitation on Sale and Leaseback. Enter into any Sale and Leaseback Transaction, or permit any Subsidiary owning Restricted Property to do so, unless either:

(a) the Borrower or such Subsidiary would be entitled to incur debt, in a principal amount at least equal to the Value of such Sale and Leaseback Transaction, which is secured by Liens on the property to be leased (without equally and ratably securing the Loans) because such Liens would be of such character that no violation of any of the provisions of Section 5.09 would result, or

(b) the Borrower during the six months immediately following the effective date of such Sale and Leaseback Transaction causes to be applied to (A) the acquisition of Restricted Property or (B) the voluntary retirement of Funded Debt (whether by redemption, defeasance, repurchase, or otherwise) an amount equal to the Value of such Sale and Leaseback Transaction.

ARTICLE VI.

Events of Default

In case of the happening of any of the following events (each an "Event of Default"):

(a) any representation or warranty made or deemed made in or in connection with the execution and delivery of this Agreement or the Borrowings hereunder 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 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 any other amount (other than an amount referred to in paragraph (b) above) due hereunder, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three Business Days;

(d) default shall be made in the due observance or performance of any covenant, condition or agreement contained in Section 5.06, 5.07, 5.08, 5.09 or 5.10;

(e) default shall be made in the due observance or performance of any covenant, condition or agreement contained herein (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 any Administrative Agent or any Lender to the Borrower;

(f) the Borrower or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of \$50,000,000, when and as the same shall become due and payable, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness if the effect of any failure referred to in this clause (ii) is to cause such Indebtedness to become due prior to its stated maturity;

(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 of a substantial part of the property or assets of the Borrower, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of the property or assets of the Borrower or (iii) the winding up or liquidation of the Borrower; 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 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 or state 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 for a substantial part of the property or assets of the Borrower, (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; or

(i) one or more judgments for the payment of money in an aggregate amount in excess of \$50,000,000 (exclusive of any amount thereof covered by insurance) shall be rendered against the Borrower, any 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 Subsidiary to enforce any such judgment;

(j) A Plan of the Borrower shall fail to maintain the minimum funding standard required by Section 412 of the Code for any plan year or a waiver of such standard is sought or granted under Section 412(d), or (ii) an ERISA Termination Event shall have occurred with respect to the Borrower or the Borrower or an ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA, or (iii) the Borrower or an ERISA Affiliate shall engage in any prohibited transaction described in Sections 406 of ERISA or 4975 of the Code for which a statutory or class exemption is not available or a private exemption has not been previously obtained from the United States Department of Labor, or (iv) the Borrower or an ERISA Affiliate shall fail to pay any required installment or any other payment required under Section 412 of the Code on or before the due date for such installment or other payment, or (v) the Borrower or an ERISA Affiliate shall fail to make any contribution or payment to any Multiemployer Plan (as defined in Section 4001(a)(3) of ERISA) which the Borrower or any ERISA Affiliate may be required to make under any agreement relating to such Multiemployer Plan or any law pertaining thereto, and there shall result from any such event or events either a liability or a material risk of incurring a liability to the PBGC or a Plan which will have a Material Adverse Effect; or

(k) a Change in Control shall occur;

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 Agents, 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 anything contained herein to 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 anything contained herein to the contrary notwithstanding.

ARTICLE VII.

The Administrative Agents

In order to expedite the transactions contemplated by this Agreement, each of Chemical Bank and Citicorp USA is hereby appointed to act as an Administrative Agent on behalf of the Lenders and Citicorp USA is hereby appointed to act as Advance Agent on behalf of the Lenders. Each of the Lenders hereby irrevocably authorizes each Administrative Agent (which term, for purposes of this Article VII, shall be deemed to include the Advance Agent) to take such actions on behalf of such Lender or holder and to exercise such powers as are specifically delegated to the Administrative Agents by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agents are hereby expressly authorized by the Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders to the Borrower of any Event of Default of which any Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by the Borrower pursuant to this Agreement as received by the Administrative Agents.

Neither Administrative Agent nor any of their respective directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his or her own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower of any of the terms, conditions, covenants or agreements contained in this Agreement. The Administrative Agents shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or other instruments or agreements. The Administrative Agents may deem and treat the Lender which makes any Loan as the holder of the indebtedness resulting therefrom for all purposes hereof until it shall have received notice from such Lender, given as provided herein, of the transfer thereof. The Administrative Agents shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. The Administrative Agents shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither Administrative Agent nor any of their respective directors, officers, employees or agents shall have any responsibility to the Borrower on account of the failure of or delay in performance or breach by any Lender of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any other Lender or the Borrower of any of their respective obligations hereunder or in connection herewith. The Administrative Agents may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by them with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by them in accordance with the advice of such counsel.

The Lenders hereby acknowledge that the Administrative Agents shall be under no duty to take any discretionary action permitted to be taken by them pursuant to the provisions of this Agreement unless they shall be requested in writing to do so by the Required Lenders.

Subject, in the case of a resignation of both Administrative Agents, to the appointment and acceptance of a successor Administrative Agent as provided below, either Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation of both Administrative Agents, the Required Lenders shall have the right to appoint a successor Administrative Agent acceptable to the Borrower. 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 Agents give notice of their resignation, then the retiring Administrative Agents may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least \$500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agents and the retiring Administrative Agents shall be discharged from their duties and obligations hereunder. If only one of the Administrative Agents shall resign, the other Administrative Agent shall become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any Administrative Agent's resignation hereunder, the provisions of this Article and Section 8.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by them hereunder, each Administrative Agent in its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not an Administrative Agent, and such Administrative Agent 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 an Administrative Agent.

Each Lender agrees (i) to reimburse the Administrative Agents, on demand, in the amount of its pro rata share (based on its Commitment hereunder or, if the Commitments shall have been terminated, the amount of its outstanding Loans) of any expenses incurred for the benefit of the Lenders by the Administrative Agents, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrower and (ii) to indemnify and hold harmless the Administrative Agents and any of their respective directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against either of them in its capacity as an Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by either of them under this Agreement to the extent the same shall not have been reimbursed by the Borrower; provided that no Lender shall be liable to any Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of such Administrative Agent or any of its directors, officers, employees or agents. Each Lender agrees that any allocation made in good faith by the Administrative Agents of expenses or other amounts referred to in this paragraph between this Agreement and the Facility A Credit Agreement shall be conclusive and binding for all purposes.

Each Lender acknowledges that it has, independently and without reliance upon any 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 any 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 or any related agreement or any document furnished hereunder or thereunder.

ARTICLE VIII.

Miscellaneous

Section 8.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telecopy, as follows:

(a) if to the Borrower, to Lilly Corporate Center, Indianapolis, Indiana 46285, Attention of the Assistant Treasurer (Telecopy No. 317-277-3275);

(b) if to Chemical, to it at 270 Park Avenue, New York, New York 10017, Attention of Abigail L. Garcia (Telecopy No. 212-818-1456);

(c) if to Citicorp USA, to it at 200 South Wacker Drive, 31st Floor, Chicago, IL 60606, Attention of Richard Michel (Telecopy No. 312-993-1050); and

(d) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender became 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 if delivered by hand or overnight courier service or sent by telecopy to such party as provided in this Section or in accordance with the latest unrevoked direction from such party given in accordance with this Section.

Section 8.02. 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 shall survive the making by the Lenders of the Loans regardless of any investigation made by the Lenders 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 the Commitments have not been terminated.

Section 8.03. Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower and the Administrative Agents and when the Administrative Agents shall have received copies hereof (telecopied or otherwise) which, when taken together, bear the signature of each Lender, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower shall not have the right to assign any rights hereunder or any interest herein without the prior consent of all the Lenders.

Section 8.04. Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any party that are contained in this Agreement shall bind and inure to the benefit of its successors and assigns.

(b) Each Lender may assign to one or more 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); provided, however, that, except in the case of an assignment to an Affiliate of a Lender, (i) the Borrower must give its prior written consent to such assignment and (ii) the amount of the Commitment 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 Agents) shall not be less than \$25,000,000 (or, if less than \$25,000,000, the amount of such Lender's Commitment). The parties to each assignment shall execute and deliver to the Administrative Agents an Assignment and Acceptance, and a processing and recordation fee of \$3,000. Upon acceptance and recording pursuant to paragraph (e) of this Section, from and after the effective date specified in each Assignment and Acceptance, which effective date

shall be at least five Business Days after the execution thereof, (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 2.13, 2.15, 2.19 and 8.05, as well as to any Fees accrued for its account hereunder 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 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, (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 the performance or observance by the Borrower of any obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it 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 delivered pursuant to Section 5.03 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 any 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 Agents to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agents 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 Agents shall maintain at one of their respective 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 the 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 in the absence of manifest error and the Borrower, the Administrative Agents 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. The Register shall be available for inspection by each party hereto, 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 together with 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 to such assignment, the Administrative Agents shall (i) accept such Assignment and Acceptance and (ii) record the information contained therein in the Register.

(f) Each Lender may 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) each participating bank or other entity shall be entitled to the benefit of the cost protection provisions contained in Sections 2.13, 2.15 and 2.19 to the same extent as if it was the selling Lender (and limited to the amount that could have been claimed by the selling Lender had it continued to hold the interest of such participating bank or other entity, it being further agreed that the selling Lender will not be permitted to make claims against the Borrower under Section 2.13(b) for costs or reductions resulting from the sale of a participation), except that all claims made pursuant to such Sections shall be made through such selling Lender, and (iv) the Borrower, the Administrative Agents and the other Lenders shall continue to deal solely and directly with such selling 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 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 the final scheduled maturity of the Loans or any date scheduled for the payment of interest on the Loans 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, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender; provided that, prior to any such disclosure, each such assignee or participant or proposed assignee or participant shall be subject to same confidentiality agreement as are the Lenders.

(h) The Borrower shall not assign or delegate any rights and duties hereunder without the prior written consent of all Lenders.

(i) Any Lender may at any time pledge or otherwise assign all or any portion of its rights under this Agreement to a Federal Reserve Bank; provided that no such pledge shall release any Lender from its obligations hereunder. In order to facilitate such an assignment to a Federal Reserve Bank, the Borrower shall, at the request of the assigning Lender, duly execute and deliver to the assigning Lender a promissory note or notes evidencing the Loans made by the assigning Lender hereunder.

Section 8.05. Expenses; Indemnity. (a) The Borrower agrees to pay all reasonable out-of-pocket expenses incurred by the Administrative Agents in connection with entering into this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof, or incurred by the Administrative Agents or any Lender in connection with the enforcement of their rights in connection with this Agreement or in connection with the Loans made hereunder, including the fees and disbursements of counsel (including, in connection with such enforcement, the allocated cost of internal legal services) for the Administrative Agents or, in the case of enforcement, each Lender.

(b) The Borrower agrees to indemnify each Administrative Agent, each Lender, each of their Affiliates and the directors, officers, employees and agents of the foregoing (each such person being called an "Indemnatee") against, and to hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees and expenses, incurred by or asserted against any Indemnatee arising out of (i) the consummation of the transactions contemplated by this Agreement, (ii) the use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnatee is a party thereto; provided that (A) such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a final judgment of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnatee and (B) such indemnity shall not apply to losses, claims, damages, liabilities or related expenses that result from disputes solely between Lenders.

(c) The provisions of this Section 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 invalidity or unenforceability of any term or provision of this Agreement or any investigation made by or on behalf of any Administrative Agent or any Lender. All amounts due under this Section shall be payable on written demand therefor.

SECTION 8.06. APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 8.07. Waivers; Amendment. (a) No failure or delay of any Administrative Agent or any Lender 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 Agents and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure 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 or any Subsidiary in any case shall entitle such party 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 waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each Lender affected thereby, (ii) increase the Commitment or decrease the Facility Fee of any Lender without the prior written consent of such Lender, or (iii) amend or modify the provisions of Section 2.16 or Section 8.04(h), the provisions of this Section or the definition of the "Required Lenders," without the prior written consent of each Lender; provided further, however, that no such agreement shall amend, modify or otherwise affect the rights or duties of any Administrative Agent hereunder without the prior written consent of such Administrative Agent. Notwithstanding the foregoing, the Borrower and the Administrative Agents may, without the consent of any other party hereto, amend the procedures set forth in Section 2.21 for extending the Maturity Date to the extent they determine such amendment to be advisable to ensure that the Lenders will not be required to maintain capital against their Commitments hereunder. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section and any consent by any Lender pursuant to this Section shall bind any assignee of its rights and interests hereunder.

Section 8.08. Entire Agreement. This Agreement constitutes the entire contract among the parties relative to the subject matter hereof. Any 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 party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 8.09. 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 shall not in any way be affected or impaired thereby. 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 8.10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 8.03.

Section 8.11. 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 8.12. 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, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or any bank controlling such Lender to or for the credit or 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 unmatured. Each Lender agrees promptly to notify the Borrower after such setoff and application made by such Lender, but the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of setoff) which such Lender may have.

Section 8.13. 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. Subject to the foregoing and to paragraph (b) below, nothing in this Agreement shall affect any right that any party hereto may otherwise have to bring any action or proceeding relating to this Agreement against any other party hereto in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or thereafter 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 8.01. 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 8.14. 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 other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certification in this Section.

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.

ELI LILLY AND COMPANY,

by

Name:
Title:

CHEMICAL BANK, individually and as
Administrative Agent,

by

Name:
Title:

CITICORP USA, INC., individually and
as Administrative Agent and Advance
Agent,

by

Name:
Title:

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, individually
and as Co-Agent,

by

Name:
Title:

MORGAN GUARANTY TRUST COMPANY OF NEW
YORK, individually and as Co-Agent,

by

Name:
Title:

BANK BRUSSELS LAMBERT-NEW YORK
BRANCH,

by

Name:
Title:

BANK OF MONTREAL,

by

Name:
Title:

BANQUE NATIONALE DE PARIS,

by

Name:
Title:

BAYERISCHE HYPOTHEKEN- UND WECHSEL-
BANK ATKIENGESELLSCHAFT,

by

Name:
Title:

by

Name:
Title:

THE CHASE MANHATTAN BANK, N.A.,

by

Name:
Title:

CREDIT SUISSE,

by

Name:
Title:

by

Name:
Title:

THE DAI-ICHI KANGYO BANK, LTD.,
CHICAGO BRANCH,

by

Name:
Title:

DEUTSCHE BANK AG, CHICAGO BRANCH
AND/OR CAYMAN ISLANDS BRANCH,

by

Name:
Title:

by

Name:
Title:

THE FIRST NATIONAL BANK OF CHICAGO,

by

Name:
Title:

ISTITUTO BANCARIO SAN PAOLO DI
TORINO S.p.A.,

by

Name:
Title:

MELLON BANK, N.A.,

by

Name:
Title:

THE MITSUBISHI BANK, LIMITED,
CHICAGO BRANCH,

by

Name:
Title:

NATIONAL CITY BANK, INDIANA,

by

Name:
Title:

NATIONAL WESTMINSTER BANK PLC--
NASSAU BRANCH,

by

Name:
Title:

NATIONAL WESTMINSTER BANK PLC--
CHICAGO BRANCH,

by

Name:
Title:

NBD BANK, N.A.,

by

Name:
Title:

ROYAL BANK OF CANADA,

by

Name:
Title:

SOCIETE GENERALE,

by

Name:
Title:

by

Name:
Title:

SWISS BANK CORPORATION--CHICAGO,

by

Name:
Title:

WACHOVIA BANK OF GEORGIA, N.A.,

by

Name:
Title:

FORM OF COMPETITIVE BID REQUEST

Citicorp USA, Inc., as Advance Agent
for the Lenders referred to below,
c/o Citicorp USA, Inc.
399 Park Avenue
New York, NY 10043

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Company"), refers to the \$3,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (as it may hereafter be amended, modified, extended or restated from time to time, the "Agreement"), among the Company, the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. The Company hereby gives you notice pursuant to Section 2.03(a) of the Agreement that it requests a Competitive Borrowing under the 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) -----
- (D) Interest Period and the last day thereof(3)

Upon acceptance of any or all of the Loans offered by the Lenders in response to this request, the Company shall be deemed to have represented and warranted that the conditions to lending specified in Section 4.01(b) and (c) of the Agreement have been satisfied.

Very truly yours,
ELI LILLY AND COMPANY,

by -----
Name:
Title: [Financial Officer]

- - - - -
- (1) Not less than \$10,000,000 (and in integral multiples of \$1,000,000) or greater than the Total Commitment then available.
- (2) Eurodollar Loan or Fixed Rate Loan.
- (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]
New York, New York

[Date]

Attention: []

Dear Ladies and Gentlemen:

Reference is made to the \$3,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (as it may hereafter be amended, modified, extended or restated from time to time, the "Agreement"), among Eli Lilly and Company (the "Company"), the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. The Company made a Competitive Bid Request on [Date], 19[], pursuant to Section 2.03(a) of the Agreement, and in that connection you are invited to submit a Competitive Bid by [Date]/[Time].(4) Your Competitive Bid must comply with Section 2.03(b) of the 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.-----

Very truly yours,

CITICORP USA, INC.,
as Advance Agent,

by

Name:
Title:

(4) The Competitive Bid must be received by the Administrative Agent (i) in the case of Eurodollar 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.

FORM OF COMPETITIVE BID

Citicorp USA, Inc., as Advance Agent
for the Lenders referred to below,
c/o Citicorp USA, Inc.
399 Park Avenue
New York, NY 10043

[Date]

Dear Ladies and Gentlemen:

The undersigned, [Name of Lender], refers to the \$3,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (as it may hereafter be amended, modified, extended or restated from time to time, the "Agreement"), among Eli Lilly and Company (the "Company"), the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. The undersigned hereby makes a Competitive Bid pursuant to Section 2.03(b) of the Agreement, in response to the Competitive Bid Request made by the Company on , 19[], 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 -----

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

Very truly yours,

[NAME OF LENDER],

by

Name:
Title:

- - - - -
- (1) 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 Loans or %, in the case of Fixed Rate Loans.

FORM OF COMPETITIVE BID ACCEPT/REJECT LETTER

[Date]

Citicorp USA, Inc., as Advance Agent
 for the Lenders referred to below
 c/o Citicorp USA, Inc.
 399 Park Avenue
 New York, NY 10043

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Company"), refers to the \$3,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (as it may hereafter be amended, modified, extended or restated from time to time, the "Agreement"), among the Company, the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents for the Lenders.

In accordance with Section 2.03(c) of the Agreement, we have received a summary of bids in connection with our Competitive Bid Request dated , 19[], and in accordance with Section 2.03(d) of the 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 Citibank account number [] on [date].

Very truly yours,

ELI LILLY AND COMPANY,

by-----
 Name:
 Title:

FORM OF STANDBY BORROWING REQUEST

Citicorp USA, Inc., as Advance Agent
for the Lenders referred to below,
c/o Citicorp USA, Inc.
399 Park Avenue
New York, NY 10043

[Date]

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Company"), refers to the
\$3,000,000,000 Competitive Advance and Revolving Credit Facility Agreement
dated as of October 24, 1994 (as it may hereafter be amended, modified,
extended or restated from time to time, the "Agreement"), among the Company,
the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as
Administrative Agents. Capitalized terms used herein and not otherwise defined
herein shall have the meanings assigned to such terms in the Agreement. The
Company hereby gives you notice pursuant to Section 2.04 of the Agreement that
it requests a Standby Borrowing under the Agreement, and in that connection
sets forth below the terms on which such Standby Borrowing is requested to be
made:

- (A) Date of Standby Borrowing
(which is a Business Day) -----
(B) Principal amount of Standby Borrowing(1) -----
(C) Interest rate basis(2) -----
(D) Interest Period and the last day thereof(3) -----

Upon acceptance of any or all of the Loans made by the Lenders in response to
this request, the Company shall be deemed to have represented and warranted
that the conditions to lending specified in Section 4.01(b) and (c) of the
Agreement have been satisfied.

Very truly yours,

ELI LILLY AND COMPANY,

by -----
Name:
Title: [Financial Officer]

- (1) Not less than \$25,000,000 (and in integral multiples of \$1,000,000) or
greater than the Total Commitment then available.
(2) Eurodollar Loan or ABR Loan.
(3) Which shall be subject to the definition of "Interest Period" and end not
later than the Maturity Date.

[FORM OF]

ASSIGNMENT AND ACCEPTANCE

Dated: _____, 19

Reference is made to the \$3,000,000,000 Competitive Advance and Revolving Credit Facility Agreement dated as of October 24, 1994 (the "Agreement"), among Eli Lilly and Company (the "Company"), the lenders listed in Schedule 2.01 thereto (the "Lenders") and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents for the Lenders. Terms defined in the 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], the interests set forth on the reverse hereof (the "Assigned Interest") in the Assignor's rights and obligations under the Agreement, including, without limitation, the interests set forth on the reverse hereof in the Commitment of the Assignor on the [Effective Date] and the Competitive Loans and Standby Loans owing to the Assignor which are outstanding on the [Effective Date], together with unpaid interest accrued on the assigned Loans to the [Effective Date] and the amount, if any, set forth on the reverse hereof of the Fees accrued to the [Effective Date] for the account of the Assignor. 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 8.04 of the 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 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 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, the forms specified in Section 2.19(g) of the Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the Agreement, an Administrative Questionnaire in the form of Exhibit B to the Agreement and (iii) a processing and recordation fee of \$3,000.

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: _____

Legal Name of Assignee: _____

Assignee's Address for Notices: _____

Effective Date of Assignment
 (may not be fewer than 5 Business
 Days after the Date of Assignment): _____

FACILITY -----	PRINCIPAL AMOUNT ASSIGNED (AND IDENTIFYING INFORMATION AS TO INDIVIDUAL COMPETITIVE LOANS) -----	PERCENTAGE ASSIGNED OF FACILITY/COMMITMENT (SET FORTH, TO AT LEAST 8 DECIMALS, AS A PERCENTAGE OF THE FACILITY AND THE AGGREGATE COMMITMENTS OF ALL LENDERS THEREUNDER) -----
Commitment Assigned:	\$	%
Standby Loans:	\$	%
Competitive Loans:	\$	%
Fees Assigned (if any):	\$	%

The terms set forth and on the
 reverse side hereof are hereby
 agreed to:

Accepted (if required):
 ELI LILLY AND COMPANY,

_____,
 as Assignor,

by: _____
 Name:
 Title:

by: _____
 Name:
 Title:

_____,
 as Assignee,

by: _____
 Name:
 Title:

[FORM OF]

OPINION OF COUNSEL FOR
ELI LILLY AND COMPANY(1)

1. Eli Lilly and Company (the "Corporation") (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, (ii) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (iii) is qualified to do business in every jurisdiction within the United States where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (iv) has all requisite corporate power and authority to execute, deliver and perform its obligations under the Credit Agreement and to borrow funds thereunder.

2. The execution, delivery and performance by the Corporation of the Credit Agreement and the borrowings thereunder (collectively, the "Transactions") (i) have been duly authorized by all requisite corporate action and (ii) will not (a) violate (1) any provision of law, statute, rule or regulation (including without limitation, the Margin Regulations), or of the certificate of incorporation or other constitutive documents or by-laws of the Corporation, (2) any order of any governmental authority or (3) any provision of any indenture, agreement or other instrument to which the Corporation is a party or by which it or its property is or may be bound, (b) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (c) result in the creation or imposition of any lien upon any property or assets of the Corporation.

3. The Agreement has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable against it in accordance with its terms, subject as to the enforceability of rights and remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights from time to time in effect.

4. No action, consent or approval of, registration or filing with, or any other action by, any government authority is or will be required in connection with the Transactions, except such as have been made or obtained and are in full force and effect.

5. Neither the Corporation nor any of its subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 (the "1940 Act") or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

- - - - -
(1) Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the \$3,000,000,000 Competitive Advance and Revolving Credit Facility Agreement (the "Agreement") dated as of October 24, 1994, among Eli Lilly and Company, the lenders listed in Schedule 2.01 thereto, and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents.

FORM OF NOTICE
OF
TERMINATION OF EXISTING LINES OF CREDIT

ELI LILLY AND COMPANY
LILLY CORPORATE CENTER
INDIANAPOLIS, INDIANA 46285
(317) 276-2000

October 24, 1994

[Name of Lender]
[Address]

Attention of []

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Borrower") refers to the letter agreement dated as of [] among the Borrower and [] (the "Lender"), representing \$[] of available credit to the Borrower (the "line of credit").

In accordance with Section 4.02(a) of the Competitive Advance and Revolving Credit Facility Agreements dated as of October 24, 1994 among the Borrower, the Lenders named therein and Citicorp USA, Inc. and Chemical Bank, as Administrative Agents for the Lenders, we hereby notify you that the line of credit is hereby terminated as of the date hereof.

Very truly yours,

ELI LILLY AND COMPANY

by

Name:
Title:

FORM OF NOTICE
OF
COMPLIANCE WITH CONDITIONS TO CLOSING

ELI LILLY AND COMPANY
LILLY CORPORATE CENTER
INDIANAPOLIS, INDIANA 46285
(317) 276-2000

October 24, 1994

[Name of Administrative Agent]
[Address]

Attention of []

Dear Ladies and Gentlemen:

The undersigned, Eli Lilly and Company (the "Borrower") refers to the Competitive Advance and Revolving Credit Facility Agreements dated as of October 24, 1994 among the Borrower, the Lenders named therein and Citicorp USA, Inc. and Chemical Bank as Administrative Agents for the Lenders.

In accordance with Section 4.02(c) of the Agreement, we hereby notify you that we have complied in full with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01 of the Agreement.

Very truly yours,

ELI LILLY AND COMPANY

by

Name:

[Financial Officer]

COMMITMENTS

LENDERS -----	COMMITMENT -----
Chemical Bank..... 270 Park Avenue New York, NY 10017 Attention: Christopher Stout Telephone: (212) 270-9699 Telefax: (212) 270-1053	\$187,500,000
Citicorp USA, Inc..... 200 South Wacker Drive Chicago, IL 60606 Attention: Richard L. Michel Telephone: (312) 993-3130 Telefax: (312) 993-1050	\$187,500,000
Bank of America National Trust and Savings Association..... 201 South LaSalle Street, 9th Floor, Number 908 Chicago, IL 60697 Attention: Patricia DelGrande Telephone: (312) 828-3122 Telefax: (312) 765-2080	\$165,000,000
Morgan Guaranty Trust Company of New York..... 60 Wall Street, 22nd Floor New York, NY 10260 Attention: Kevin J. O'Brien Telephone: (212) 648-9974 Telefax: (212) 648-5018	\$165,000,000
Bank Brussels Lambert-- New York Branch 70 West Madison Avenue, Suite 5610 Chicago, IL 60602 Attention: Kathleen E. Zeider Telephone: (312) 541-0070 Telefax: (312) 541-0072	\$135,000,000
Banque Nationale de Paris..... 209 South LaSalle Street 5th Floor Chicago, IL 60604	\$135,000,000

Attention: Frederick H. Moryl, Jr.
Telephone: (312) 977-2211
Telefax: (312) 977-1380

Bayerische Hypotheken-und Wechsel-Bank
Aktiengesellschaft..... \$135,000,000
Financial Square
32 Old Slip
New York, NY 10005

Attention: Wolfgang Novotny
Telephone: (212) 440-0789
Telefax: (212) 440-0741

The Chase Manhattan Bank, N.A. \$135,000,000
1 Chase Manhattan Plaza,
5th Floor
New York, NY 10081

Attention: Robert W. Cook
Telephone: (212) 552-7794
Telefax: (212) 552-6731

Credit Suisse..... \$135,000,000
12 East 49th Street,
41st Floor
New York, NY 10017

Attention: Kris Kristinsson
Telephone: (212) 238-5206
Telefax: (212) 238-5245

The Dai-Ichi Kangyo Bank, Ltd.,
Chicago Branch..... \$135,000,000
10 South Wacker Drive,
26th Floor
Chicago, IL 60606

Attention: Richard R. Howard
Telephone: (312) 715-6369
Telefax: (312) 876-2011

Deutsche Bank AG,..... \$135,000,000
Chicago Branch and/or Cayman Islands Branch
227 West Monroe, Suite 4350
Chicago, IL 60606

Attention: Beth A. Rosenberry
Telephone: (312) 578-4104
Telefax: (312) 578-4111

The First National Bank of Chicago..... \$135,000,000
One First National Plaza,
Suite 0324
Chicago, IL 60670-0324

Attention: Steven R. Fercho
Telephone: (312) 732-6466
Telefax: (312) 732-1712

Mellon Bank, N.A..... \$135,000,000
55 West Monroe
Chicago, IL 60603

Attention: Laurel L. Larson
Telephone: (312) 357-3408
Telefax: (312) 357-3414

The Mitsubishi Bank, Limited,
Chicago Branch..... \$135,000,000
115 South LaSalle Street,
Suite 2100
Chicago, IL 60603

Attention: John A. Cunningham
Telephone: (312) 269-0448
Telefax: (312) 263-2555

National Westminster Bank Plc..... \$135,000,000
33 North Dearborn Street,
Suite 1200
Chicago, IL 60602-3105

Attention: Ernest V. Hodge
Telephone: (312) 621-1534
Telefax: (312) 621-1564

Royal Bank of Canada..... \$135,000,000
One North Franklin,
Suite 700
Chicago, IL 60606

Attention: Molly Drennan
Telephone: (312) 551-1615
Telefax: (312) 551-0805

Societe Generale..... \$135,000,000
181 West Madison Street,
Suite 3400
Chicago, IL 60602

Attention: May I. Mallouh
Telephone: (312) 578-5166
Telefax: (312) 578-5099

Swiss Bank Corporation--Chicago..... \$135,000,000
141 West Jackson, 8th Floor
Chicago, IL 60604

Attention: William A. McDonnell
Telephone: (312) 554-6417
Telefax: (312) 554-6410

Wachovia Bank of Georgia, N.A. \$135,000,000
 191 Peachtree Street, N.W.,
 28th Floor (MC GA 370)
 Atlanta, GA 30303

 Attention: Richard B. Macon
 Telephone: (404) 332-6739
 Telefax: (404) 332-6898

 Bank of Montreal..... \$67,500,000
 115 South LaSalle Street
 Chicago, IL 60603

 Attention: Sharron P. Walsh
 Telephone: (312) 750-3743
 Telefax: (312) 750-3783

 Istituto Bancario San Paolo Di Terino..... \$67,500,000
 245 Park Avenue
 New York, NY 10167

 Attention: Davide Scarselli
 Telephone: (212) 692-3172
 Telefax: (212) 599-5303

 National City Bank, Indiana..... \$67,500,000
 101 West Washington Street,
 Suite 200E
 Indianapolis, IN 46255

 Attention: Frank B. Meltzer
 Telephone: (317) 267-6132
 Telefax: (317) 267-8899

 NBD Bank, N.A. \$67,500,000
 One Indiana Square, Suite 308
 Indianapolis, IN 46266

 Attention: Thomas F. Bareford
 Telephone: (317) 266-6430
 Telefax: (317) 266-6042

 \$3,000,000,000
 =====

CREDIT FACILITIES TO BE TERMINATED

BANK	(\$ MILLIONS)	
-----	AVAILABLE	USED
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Chemical Bank.....	\$125	0
Citicorp USA, Inc.....	120	0
Morgan Guaranty Trust Company of New York.....	25	0
J. P. Morgan Delaware.....	25	0
Union Bank of Switzerland.....	50	0
Bank of America National Trust and Savings Association.....	30	0
National City Bank Indiana, N.A. (formerly Merchants National Bank and Trust Company of Indianapolis).....	30	0
NBD Bank, N.A., formerly INB National Bank.....	30	0
Wachovia Bank of Georgia, N.A.....	30	0
Mellon Bank, N.A.....	25	0
The Chase Manhattan Bank, N.A.....	50	0
Bank One Indianapolis, N.A.....	20	0
The Mitsubishi Bank, Limited.....	20	0
National Westminster Bank, Plc (Line 1).....	10	0
National Westminster Bank, Plc (Line 2).....	10	0
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SUBTOTAL.....	\$600	\$ 0

SECOND AMENDMENT

SECOND AMENDMENT, dated as of November 3, 1994 (the "Amendment"), by and among McKesson Corporation, a Delaware corporation (the "Company"), McKesson Corporation, a Maryland corporation and a wholly-owned subsidiary of the Company ("Maryland"), Clinical Pharmaceuticals, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("CPA"), PCS Health Systems, Inc., a Delaware corporation and a wholly-owned subsidiary of Maryland ("Prescription"), and SP Ventures, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("Spinco").

WHEREAS, the Company, Maryland, CPA, Prescription and Spinco entered into a Reorganization and Distribution Agreement, dated as of July 10, 1994 (the "Distribution Agreement");

WHEREAS, the parties hereto entered into an Amendment, dated as of October 10, 1994, to the Distribution Agreement;

WHEREAS, the Company, Eli Lilly and Company, an Indiana corporation ("Parent"), and ECO Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Parent (the "Purchaser") entered into an Agreement and Plan of Merger, dated as of July 10, 1994 and amended as of August 8, 1994 (the "Merger Agreement"); and

WHEREAS, each of the parties hereto have deemed it advisable to amend the Distribution Agreement in the manner set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto hereby agree as follows:

1. The third sentence of Section 8.2(c)(i) of the Distribution Agreement is hereby amended by deleting the phrase "ten-consecutive-day trading period" in its entirety and replacing such phrase with the phrase "three-consecutive-day trading period".

2. In the event of a conflict between the terms and conditions of this Amendment and the terms and conditions of the Distribution Agreement, the terms and conditions of this Amendment shall prevail and govern. Except as otherwise expressly set forth herein, the Distribution Agreement shall remain unaffected and in full force and effect in accordance with the terms and conditions thereof.

3. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

IN WITNESS WHEREOF, each of the parties set forth below has caused this Amendment to be executed on its behalf by a duly authorized officer as of the date first set forth above.

MCKESSON CORPORATION, a Delaware corporation

By: _____
Name:
Title:

MCKESSON CORPORATION, a Maryland corporation

By: _____
Name:
Title:

CLINICAL PHARMACEUTICALS, INC.

By: _____
Name:
Title:

PCS HEALTH SYSTEMS, INC.

By: _____
Name:
Title:

SP VENTURES, INC.

By: _____
Name:
Title:

Consented to in accordance with the provisions of Section 10.3 of the Distribution Agreement as of this 3rd day of November, 1994:

ELI LILLY AND COMPANY

By: _____
Name:
Title:

November 4, 1994
For Immediate
Release
317-276-3655

ELI LILLY AND COMPANY MOVING FORWARD WITH PCS ACQUISITION

Eli Lilly and Company announced today that it has reached an agreement with the Federal Trade Commission (FTC) that will enable Lilly to complete its acquisition of McKesson's subsidiary PCS Health Systems, Inc.

"We are pleased with the terms of our agreement with the FTC, and we look forward to combining the capabilities of two world-class organizations," said Randall L. Tobias, Lilly chairman and chief executive officer. "This action represents a major step toward meeting Lilly's goal of becoming the global leader in providing our customers with what they want--solutions to their health care needs that are optimal from both clinical and economic standpoints.

"The marketplace is demanding value and a more rational approach to delivering health care," Tobias continued. "By synthesizing the disease-state-management and research-and-development capabilities of Lilly with the unexcelled information technology of PCS, we will build a new business that will offer more convenient, better quality health care at more affordable prices to patients and other payers."

Lilly has affirmed to the FTC that the PCS "open" formulary will continue to be available to all customers. As agreed to with the FTC, the "open" formulary will be overseen by an independent pharmacy and therapeutic committee. In addition, PCS is free to continue to offer a variety of formularies as determined by the needs of its customers.

Lilly has also affirmed to the FTC that it will not disclose information to PCS obtained from other PBMs about the pricing or terms of sale to those PBMs, nor will PCS disclose information to Lilly regarding pricing or terms of sale from other pharmaceutical companies. Such disclosures would be inconsistent with good business practices and the long-standing policies of both companies. Lilly also has agreed to seek prior FTC approval of certain additional PBM acquisitions during the next five years.

As a final provision and as consistent with its announcement on October 14, 1994, Lilly will not use any individual wholesaler for exclusive distribution of Lilly products.

"We believe these commitments will allow Lilly to fully optimize its investment in PCS, while reasonably addressing the FTC's concerns," said Mitchell E. Daniels, Jr., president, North American pharmaceutical operations. "These provisions are completely consistent with our plans for PCS and are in keeping with the demands of the marketplace."

Lilly also announced that it would be necessary to extend its tender offer to purchase all outstanding shares of McKesson common stock for \$76.00 per share in cash, which is now scheduled to expire on Monday, November 7, 1994. The new expiration date has not yet been set, but it is expected to be in mid-November, following on the record date to be set by McKesson for the distribution of shares of a newly formed McKesson corporation to its stockholders. The record date will depend on the date when McKesson's information statement regarding the new corporation is declared effective by the Securities and Exchange Commission and can be mailed to its stockholders. The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act expired November 3, 1994. Lilly and McKesson are now free under that Act to complete the tender offer.

Lilly also said that it expected to fund its purchase of the McKesson shares primarily with the proceeds of a \$4 billion commercial paper program to be conducted by Morgan Stanley & Co. Incorporated, Goldman Sachs Money Markets, L.P. and Lehman Brothers Inc. In addition, Lilly has arranged credit facilities aggregating \$4 billion with a group of lenders led by Chemical Bank and Citicorp USA, Inc. that can be used to fund the purchase or to refinance commercial paper used for that purpose.

As of the close of business on Thursday, November 3, 1994, approximately 15,210,000 shares of McKesson common stock had been validly tendered and not withdrawn.

Lilly is a global research-based pharmaceutical corporation headquartered in Indianapolis, Indiana, that is working with its customers worldwide to help ensure that diseases are prevented, managed, and cured with maximum benefit and minimum cost to patients and society.

