AUTOMATIC DATA PROCESSING INC

FORM 10-K
(Annual Report)

Filed 8/30/2004 For Period Ending 8/30/2004

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<thead>
<tr>
<th>Address</th>
<th>ONE ADP BOULVARD</th>
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<tbody>
<tr>
<td></td>
<td>ROSELAND, New Jersey 07068</td>
</tr>
<tr>
<td>Telephone</td>
<td>973-974-7849</td>
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<td>CIK</td>
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<tr>
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FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2004

OR

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

Commission file number 1-5397

AUTOMATIC DATA PROCESSING, INC.
(Exact name of registrant as specified in its charter)

Delaware 22-1467904
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One ADP Boulevard, Roseland, New Jersey 07068
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 973-974-5000

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes x No _____

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant as of the last trading day of the Registrant's most recently completed second fiscal quarter was approximately $23,366,360,530. On August 24, 2004, there were 584,153,997 shares of Common Stock outstanding.
Portions of the Registrant’s 2004 Annual Report to Stockholders. Parts I, II & IV Portions of the Registrant's Proxy Statement for Annual Meeting of Stockholders to be held on November 9, 2004. Part III
Part I

Item 1. Business

Automatic Data Processing, Inc., incorporated in Delaware in 1961 (together with its subsidiaries "ADP" or the "Registrant"), is one of the largest providers of computerized transaction processing, data communication and information services in the world. For financial information by segment and by geographic area, see Note 14 of the "Notes to Consolidated Financial Statements" contained in ADP's 2004 Annual Report to Stockholders, which information is incorporated herein by reference. The Registrant's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports, Proxy Statement for its Annual Meeting of Stockholders and Annual Report to Stockholders are made available, free of charge, on its website at www.adp.com as soon as reasonably practicable after such reports have been filed with or furnished to the Securities and Exchange Commission. The following summary describes ADP's activities.

Employer Services

Employer Services offers a comprehensive range of payroll processing, human resource ("HR") and benefit administration products and services, including traditional and Web-based outsourcing solutions, that help over 478,000 employers in the United States, Canada, Europe, South America (primarily Brazil), Australia and Asia staff, manage, pay and retain their employees. Employer Services markets these products and services through its direct marketing sales force and, on a limited basis, through indirect sales channels, such as marketing relationships with banks and accountants. In fiscal 2004, 86% of Employer Services' revenues were from the United States, 10% were from Europe, 3% were from Canada and 1% was from South America (primarily Brazil), Australia and Asia.

United States and Canada

Employer Services' approach to the market is to match a client's needs with the product that will best meet expectations. To facilitate this approach, in the United States and Canada, Employer Services is comprised of the following groups: Small Business Services ("SBS") (primarily companies with fewer than 50 employees); Major Accounts Services (primarily companies with between 50 and 999 employees); and National Account Services (primarily companies with 1,000 or more employees).

SBS processes payroll for smaller companies and provides them with leading solutions, including a range of value-added services that are specifically designed for small business clients. Major Accounts Services and National Account Services offer a full suite of best-of-breed employer services solutions, including full database and other functional integration between payroll and HR, for clients ranging from mid-sized through many of the world's largest corporations. In fiscal 2004, ADP continued to integrate into National Account Services its fiscal 2003 acquisition of ProBusiness Services, Inc., a provider of comprehensive payroll, payroll tax filing and HR processing services to large companies in the United States.

In some cases, ADP provides system solutions for its clients' entire payroll, human resource and benefits needs. Through ADP Connection(R) (in the United States), and by using current product import capabilities (in Canada), ADP can enable its largest clients to interface their major enterprise resource planning applications with ADP's outsourced payroll services. For those companies that choose to process these applications in-house, ADP currently delivers stand-alone services such as payroll tax filing, check printing and distribution and year-end tax statements (i.e., form W-2) in the United States.
Other large clients rely on ADP to design and deliver customized human resource information systems and benefit outsourcing solutions. For its largest clients, ADP in fiscal 2004 augmented its existing capabilities by entering into the HR business processing outsourcing market with the introduction of its comprehensive outsourcing services business solution.

In the United States and Canada, ADP provides payroll services that include the preparation of client employee paychecks and electronic direct deposits, along with supporting journals, summaries and management reports. In the United States, ADP also supplies the quarterly and annual social security, medicare and federal, state and local income tax withholding reports required to be filed by employers and employees, and analogous services are provided in the Canadian market.

ADP's Tax and Financial Services business in the United States and its money movement business in Canada process and collect federal, state, provincial and local payroll taxes on behalf of, and from, ADP clients and remit such taxes to the appropriate taxing authorities. ADP's Tax and Financial Services business in the United States and its money movement business in Canada are also responsible for the efficient movement of information and funds from clients to third parties through service offerings such as new hire reporting, ADP's TotalPay(R) payroll check (ADPCheck(TM)), full service direct deposit (FSDD) and, in conjunction with major bank partners, stored value payroll card (TotalPay(R) Card) products and the collection and payment of wage garnishments. In the United States and Canada, these businesses support large, mid-sized and small clients and provide an electronic interface between approximately 379,000 ADP clients and about 2,000 federal, state, provincial and local tax agencies, from the Internal Revenue Service and Canada Revenue Agency, to local town governments. In fiscal 2004, ADP's Tax and Financial Services business in the United States and its money movement business in Canada together processed and delivered over 48 million year-end tax statements to its clients' employees (i.e., form W-2 in the United States and analogous statements in Canada) and approximately 37.5 million remittances and employer payroll tax returns, and moved approximately $780 billion in client funds to taxing authorities and its clients' employees via electronic transfer, direct deposit and ADPCheck.

ADP's HR services, by interfacing with a client's payroll database, provide comprehensive HR recordkeeping services, including benefit administration and outsourcing, applicant tracking, employee history and position control. ADP's Benefit Services provides benefit administration across all market segments, including management of the open enrollment of benefits, COBRA and flexible spending account administration, Section 529 College Savings Plan administrative services and 401(k) recordkeeping.

In the United States, ADP TotalSource(R), ADP's professional employer organization ("PEO") business, provides clients with comprehensive employment administration outsourcing solutions, including payroll, payroll tax filing, employee background checks, HR guidance, 401(k) plan administration, benefit administration, regulatory compliance services, workers' compensation insurance and supplemental benefits for employees. ADP TotalSource(R), the second largest PEO in the U.S. (based on the number of worksite employees), has 30 offices located in sixteen states and serves over 4,200 PEO clients and approximately 94,000 work-site employees in all 50 states.

ADP complements its payroll, payroll tax and HR services with additional employer services that include products such as time and labor management, pre-employment screening and selection services, substance abuse testing and unemployment compensation management. ADP's Tax Credit Services business provides job tax credit services that assist employers in the identification of, and filing for, special tax credits based on geography, demographics and other criteria. In fiscal 2004, ADP also expanded its service offerings in the United States by acquiring substantially all of the assets of ClinNet Solutions, LLC.
provider of occupational health services, including substance abuse testing programs, information and data management services, safety training, accident investigation, and clinic management services.

Outside the United States and Canada

The continued increase in the number of multi-national companies makes payroll and human resource management services a global opportunity. In Europe, ADP is the leading provider of payroll (including full departmental outsourcing) and various HR benefit administration services. Employer Services is present in eight countries in Europe: France, Germany, Italy, the Netherlands, Poland, Spain, Switzerland and the United Kingdom; it also offers services in Ireland (from the United Kingdom) and in Portugal (from Spain). In those ten countries, approximately nine million employees received a payslip produced by ADP or one of its systems during fiscal 2004. In South America (primarily Brazil), Australia and Asia, Employer Services provides full departmental outsourcing of payroll services. In fiscal 2004, in order to address the continued growth in demand for integrated global payroll and HR administration solutions, ADP expanded its alliance with SAP AG, which began in 2001 as an ADP offering within Australia and Asia of a payroll and HR administration solution based on SAP’s technology, to create a global offering for multi-national companies.

Brokerage Services

Brokerage Services provides transaction processing services, desktop productivity applications and investor communications services to the financial services industry worldwide. ADP's products and services include: (i) global order entry, trade processing and settlement systems that enable firms to trade virtually any financial instrument, in any market, at any time; (ii) full-service investor communications services including: electronic delivery and Web solutions; workflow services; financial, offset, and on-demand printing; proxy distribution and vote processing; householding; regulatory mailings; fulfillment; and customized communications; (iii) automated, browser-based desktop productivity tools for financial consultants and back office personnel; and (iv) integrated delivery of multiple products and services through ADP's Global Processing Solution(SM).

Brokerage Services serves a large client base in the financial services industry, including: retail and institutional brokerage firms; global banks; mutual funds; annuity companies; institutional investors; specialty trading firms; clearing firms; and publicly owned corporations. Brokerage Services provides securities transaction processing, printing and electronic distribution of shareholder communications and other services to clients in more than 16 countries in North America, Europe, Asia and Australia. Brokerage Services also provides computerized proxy vote tabulation and shareholder communication, distribution and fulfillment services, including Web-enabled products and services. In fiscal 2004, ADP served approximately 13,000 United States publicly traded companies and 450 mutual funds and annuity companies with proxy services on behalf of more than 850 brokerage firms and banks. In fiscal 2004, Brokerage Services received ISO 9001:2000 certification, an international standard for the highest quality, for its vote processing, production operations, print operations and client services systems.

On June 22, 2004, ADP entered into a definitive agreement to acquire the U.S. Clearing and BrokerDealer Services divisions of Bank of America Corporation. The transaction is subject to regulatory review and is expected to close before the end of calendar year 2004. When completed, this acquisition will further Brokerage Services’ business process outsourcing strategy by positioning ADP to provide both retail and institutional broker clients an integrated solution that encompasses Brokerage Processing Services (Service Bureau), Operations Outsourcing and Clearing Services. On July 21, 2004, the Federal Trade Commission granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to the transaction.
Dealer Services

Dealer Services provides integrated dealer management computer systems (such a system is also known in the industry as a "DMS") and other business solutions to automotive, heavy truck, and powersports (i.e., motorcycle, marine and recreational) vehicle retailers and their manufacturers throughout North America and Europe. More than 17,000 automotive, heavy truck and powersports dealers use ADP's DMS, networking solutions, data integration, consulting and/or marketing services.

Dealer Services offers its dealership clients a turnkey service package that includes computer hardware, hardware maintenance services, licensed software, software support, system design and network consulting services. Dealer Services also offers its clients Web-enabled business solutions, “front-end” dealership sales process and business development training services, consulting services, software products and customer relationship management solutions (CRM). Clients use an ADP DMS to manage business activities such as accounting, inventory, factory communications, scheduling, vehicle financing, insurance, sales and service. Dealer Services also designs, establishes and maintains communications networks for its dealership clients that allow interactive communications among multiple site locations (for larger dealers), as well as links between franchised dealers and their vehicle manufacturer franchisors. These networks are used for activities such as new vehicle ordering and status inquiry, warranty submission and validation, parts and vehicle locating, dealership customer credit application submission and decisioning, vehicle repair estimation and acquisition of vehicle registration and lien holder information. Dealer Services also offers an Application Service Provider (ASP) managed services solution to its dealership clients in which the clients outsource all information technology management, computing and network infrastructure, technology decisions and system support to Dealer Services.

In fiscal 2004, Dealer Services entered the powersports market segment with the acquisition of ProQuest Business Solutions' DMS business. ADP also acquired EDS's Automotive Retail Group, which provides dealer management systems to nearly 1,000 automotive retailers, most of which are General Motors and Saturn retailers.

Claims Services

Claims Services offers integrated business solutions for clients in the property and casualty insurance, auto collision repair and auto recycling industries. These products help clients manage costs and improve efficiency and accelerate the claims review and settlement process. These products and services include (i) claims management applications, such as automated collision repair estimating, total loss vehicle valuation, first notice of loss, dispatch and assignment, claims audit, claims payment and alternative parts locating, that streamline the end-to-end claims process, (ii) body shop and auto recycler management systems and auto recycler alternative parts locating solutions, (iii) other applications, databases and management information tools and services that enhance and optimize the claims process and (iv) insurance broker risk management and insurance distribution services that help clients create, update and manage insurance policies. In fiscal 2004, Claims Services also entered an important adjacent market - insurance distribution services - by acquiring ABZ Group B.V., a leading provider of Web-based services to the insurance industry in the Netherlands. These distribution services, which consist of applications, databases and networks, link insurers with insurance brokers to facilitate the efficient delivery of insurance and financial products. Claims Services also acquired majority ownership of a joint venture that serves the Mexican market.

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Markets and Marketing Methods

All of ADP's services are offered broadly across North America and Europe. Some services within the Employer Services and Brokerage Services business units are also offered in Australia and Asia, and Employer Services also provides services in South America (primarily Brazil).

None of ADP's major business groups have a single homogenous client base or market. For example, Brokerage Services serves a large client base in the financial services industry, including retail and institutional firms, banks and individual non-brokerage corporations. Dealer Services primarily serves automobile dealers, but also serves truck, powersports (i.e., motorcycle, marine and recreational), and agricultural equipment dealers, auto repair shops, used car lots, state departments of motor vehicles and manufacturers of automobiles, trucks and agricultural equipment. Claims Services has many clients who are insurance companies, but it also provides services to automobile manufacturers, body repair shops, salvage yards, distributors of new and used automobile parts and other non-insurance clients. Employer Services has clients from a large variety of industries and markets. Within this client base are concentrations of clients in specific industries. Employer Services also sells to auto dealers, brokerage clients and insurance clients. While concentrations of clients exist, no one client or industry group is material to ADP's overall revenues.

None of ADP's businesses are overly sensitive to price changes. Economic conditions among selected clients and groups of clients may and do have a temporary impact on demand for ADP's services. In fiscal 2004, despite the continued impact of weak economic conditions, Employer Services continued to grow, primarily due to the increase in its United States payroll and payroll tax businesses, including strong growth in its "beyond payroll" products, and improved client retention; Brokerage Services grew as a consequence of the increased volume in its investor communication services resulting from increased communications relating to recent mutual fund regulatory activity and increased trading activity; Dealer Services grew due to new product growth in its traditional business; however, the growth of ADP's business units was offset by the decline in interest rates over the past year, which resulted in a decrease in investment income on our client and corporate funds.

ADP enjoys a leadership position in each of its major service offerings and does not believe any major service or business unit in ADP is subject to unique market risk.

Competition

The computing services industry is highly competitive. ADP knows of no reliable statistics by which it can determine the number of its competitors, but it believes that it is one of the largest providers of computerized transaction processing, data communication and information services in the world.

ADP's competitors include other independent computing services companies, divisions of diversified enterprises and banks. Another competitive factor in the computing services industry is the in-house computing function, whereby a company installs and operates its own computing systems.

Competition in the computing services industry is primarily based on service responsiveness, product quality and price. ADP believes that it is very competitive in each of these areas and that there are no material negative factors impacting ADP's competitive position in the computing services industry. No one competitor or group of competitors is dominant in the computing services industry.
Clients and Client Contracts

ADP provides its services to approximately 550,000 clients. In fiscal 2004, no single client or group of affiliated clients accounted for revenues in excess of 2% of annual consolidated revenues.

ADP has no material "backlog" because the period between the time a client agrees to use ADP's services and the time the service begins is generally very short. Depending on the service agreement and/or the size of the client, the installation or conversion period for new clients could vary from a short period of time (up to two weeks) for an SBS client to a longer period (generally six to twelve months) for a National Account Services or Dealer Services client with multiple deliverables.

ADP's average client retention is estimated at more than 8 years in Employer Services and is 10 or more years in Brokerage Services and Dealer Services, and does not vary significantly from period to period.

ADP's services are provided under written price quotations or service agreements having varying terms and conditions. No one price quotation or service agreement is material to ADP. Discounts, rebates and promotions offered by ADP to clients are not material.

Systems Development and Programming

During the fiscal years ended June 30, 2004, 2003 and 2002, ADP invested $704 million, $604 million and $535 million, respectively, in systems development and programming, migration to new computing technologies and the development of new products and maintenance of our existing technologies, including purchases of new software and software licenses.

Product Development

ADP continually upgrades, enhances and expands its existing products and services. Generally, no new product or service has a significant effect on ADP's revenues or negatively impacts its existing products and services, and ADP's products and services have a significant remaining life cycle.

Licenses

ADP is the licensee under a number of agreements for computer programs and databases. ADP's business is not dependent upon a single license or group of licenses. Third-party licenses, patents, trademarks and franchises are not material to ADP's business as a whole.

Number of Employees

ADP employed approximately 42,000 persons as of June 30, 2004.

Item 2. Properties

ADP leases space for 20 of its principal processing centers. In addition, ADP leases numerous other operational offices and sales offices. All of these leases, which aggregate approximately 6,700,000 square feet in North America, Europe, South America (primarily Brazil), Asia, Australia and South Africa, expire at various times up to the year 2018. ADP owns 15 of its processing facilities, other operational offices and its corporate headquarters complex in Roseland, New Jersey, which aggregate approximately 3,430,000 square feet. None of ADP's owned facilities is subject to any material
encumbrances. ADP believes its facilities are currently adequate for their intended purposes and are adequately maintained.

**Item 3. Legal Proceedings**

In the normal course of business, the Registrant is subject to various claims and litigation. While the outcome of any litigation is inherently unpredictable, the Registrant believes it has valid defenses with respect to the legal matters pending against it and the Registrant believes that the ultimate resolution of these matters will not have a material adverse impact on its financial condition, results of operations or cash flows. Among the various claims and litigation pending against the Registrant is the following:

The Registrant and its indirect wholly-owned subsidiaries Dealer Solutions, L.L.C. and Dealer Solutions Holdings, Inc. ("DSI") are named as defendants in a lawsuit filed on March 4, 1999 in the 133rd Judicial District Court of Harris County, Texas by Universal Computer Systems, Inc., Universal Computer Consulting, Ltd., Universal Computer Services, Inc., and Dealer Computer Services, Inc. (collectively, "UCS"), which lawsuit has since been tried before an arbitration panel in June 2003. This lawsuit alleges trade secret violations by DSI in the creation by DSI of the CARMan automobile dealership software product and misappropriation of those trade secrets by the Registrant through its acquisition of DSI. UCS sought injunctive relief and damages of $56 million. On November 11, 2003, the arbitration panel appointed by the District Court entered an Award in favor of the DSI and its co-defendants. The Award denied all relief to UCS. The Award has been affirmed and adopted by the District Court as a final judgment of the Court. On March 12, 2004, the plaintiffs filed an appeal of the final judgment, which appeal is now pending before the Texas Court of Appeals. The Registrant believes that the judgment of the District Court was correct and that the Registrant should prevail.

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

None
Part II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

See "Market Price, Dividend Data and Other" contained in the Registrant's 2004 Annual Report to Stockholders, which information is incorporated herein by reference. As of August 24, 2004, the Registrant had 38,331 registered holders of its Common Stock, par value $.10 per share. The Registrant's Common Stock is traded on the New York, Chicago and Pacific Stock Exchanges.

On March 25, 2004, the Registrant issued 11,607 shares of its Common Stock in respect of an earnout paid to a company in accordance with an asset purchase agreement dated November 30, 2000, pursuant to which the Registrant acquired substantially all of the assets of such company. The Registrant issued the foregoing shares of Common Stock without registration under the Securities Act of 1933, as amended, in reliance upon the exemption therefrom set forth in Section 4(2) of such Act relating to sales by an issuer not involving a public offering.

Issuer Purchases of Equity Securities

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<th>Period</th>
<th>Total Number of Shares Purchased</th>
<th>Average Price Paid per Share</th>
<th>Total Number of Shares Purchased as Part of the Publicly Announced Common Stock Repurchase Plan (1)</th>
<th>Maximum Number of Shares that may yet be Purchased under the Common Stock Repurchase Plan (1)</th>
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<td>April 1, 2004 to April 30, 2004</td>
<td>765,852</td>
<td>$44.23</td>
<td>765,000</td>
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<td>May 1, 2004 to May 31, 2004</td>
<td>1,333,781</td>
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<td>1,329,900</td>
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<td>June 1, 2004 to June 30, 2004</td>
<td>2,756,357</td>
<td>$43.88</td>
<td>2,750,000</td>
<td>27,678,800</td>
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<td>Total</td>
<td>4,855,990 (2)</td>
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(1) In March 2001, the Registrant received the Board of Directors' approval to repurchase up to 50 million shares of the Registrant's common stock. In November 2002, the Registrant received the Board of Directors' approval to repurchase an additional 35 million shares of the Registrant's common stock. There is no expiration date for the common stock repurchase plan.

(2) During 2004, pursuant to the terms of the Registrant's restricted stock program, the Registrant (i) made repurchases of 852 shares during April 2004, 3,881 shares during May 2004 and 1,557 shares during June 2004 at the then market value of the shares in connection with the exercise by employees of their option under such program to satisfy certain tax withholding requirements through the delivery of shares to the Registrant instead of cash and (ii)
made purchases of 4,800 shares during June 2004 at a price of $.10 per share under the terms of such program to repurchase stock granted to employees who have left the Registrant.

(3) The average price per share does not include the repurchases described in clause (ii) of the preceding footnote.

Item 6. Selected Financial Data

See "Selected Financial Data" contained in the Registrant's 2004 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

See "Management's Discussion and Analysis" contained in the Registrant's 2004 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See "Management's Discussion and Analysis - Financial Condition, Liquidity and Capital Resources" contained in the Registrant's 2004 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The financial statements described in Item 15(a)1 hereof are incorporated herein.

The following supplementary data is incorporated herein by reference:

Quarterly Financial Results (unaudited) for the two years ended June 30, 2004 (see Note 15 of the "Notes to Consolidated Financial Statements" contained in ADP's 2004 Annual Report to Stockholders)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

The Registrant carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Registrant's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Registrant's disclosure controls and procedures as of June 30, 2004 were effective to ensure that information required to be disclosed by the Registrant in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission's rules and forms.
There were no changes in the Registrant's internal control over financial reporting that occurred during the quarter ended June 30, 2004 that have materially affected, or are reasonably likely to materially affect, the Registrant’s internal control over financial reporting.
## Item 10. Directors and Executive Officers of the Registrant

### Executive Officers of the Registrant

The executive officers of the Registrant, their ages, positions and the period during which they have been employed by ADP are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
<th>Employed by ADP Since</th>
</tr>
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<tbody>
<tr>
<td>James B. Benson</td>
<td>59</td>
<td>Vice President, General Counsel and Secretary</td>
<td>1977</td>
</tr>
<tr>
<td>Richard C. Berke</td>
<td>59</td>
<td>Vice President, Human Resources</td>
<td>1989</td>
</tr>
<tr>
<td>Gary C. Butler</td>
<td>57</td>
<td>President and Chief Operating Officer</td>
<td>1975</td>
</tr>
<tr>
<td>Raymond L. Colotti</td>
<td>58</td>
<td>Vice President and Treasurer</td>
<td>1995</td>
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<tr>
<td>Richard J. Daly</td>
<td>51</td>
<td>Group President, Brokerage Services</td>
<td>1989</td>
</tr>
<tr>
<td>G. Harry Durity</td>
<td>57</td>
<td>Vice President, Worldwide Business Development</td>
<td>1994</td>
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<tr>
<td>Karen E. Dykstra</td>
<td>45</td>
<td>Chief Financial Officer</td>
<td>1981</td>
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<tr>
<td>John Hogan</td>
<td>56</td>
<td>Group President, Brokerage Services</td>
<td>1993</td>
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<tr>
<td>Campbell B. Langdon</td>
<td>43</td>
<td>President, Tax, Financial and Time Management Services</td>
<td>2000</td>
</tr>
<tr>
<td>S. Michael Martone</td>
<td>56</td>
<td>Group President, Employer Services</td>
<td>1987</td>
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<tr>
<td>Peter Op de Beeck</td>
<td>48</td>
<td>President, Claims Solutions Group</td>
<td>1998</td>
</tr>
<tr>
<td>Dan Sheldon</td>
<td>48</td>
<td>Vice President, Corporate Controller</td>
<td>1984</td>
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Messrs. Benson, Berke, Butler, Colotti, Daly, Durity, Hogan, Martone and Weinbach have each been employed by ADP in senior executive positions for more than the past five years.


Campbell B. Langdon joined ADP in 2000 as Vice President, Strategic Development. In 2003, he was promoted to President, Tax, Financial and Time Management Services. Prior to joining ADP, he was a partner of McKinsey & Company and had been associated with that firm for 11 years.

Peter Op de Beeck joined ADP in 1998 as Managing Director of Claims Solutions Group's Audatex. In 2001, he became President of ADP Claims Solutions Group. Prior to joining ADP, he was Chairman and Chief Executive Officer of Online Internet from 1996 to 1998.


Each of ADP's executive officers is elected for a term of one year and until their successors are chosen and qualified or until their death, resignation or removal.

Directors of the Registrant

See "Election of Directors" in the Proxy Statement for Registrant's 2004 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Section 16(a) Beneficial Ownership Reporting Compliance

See "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for Registrant's 2004 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Code of Ethics

ADP has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The code of ethics may be viewed online on ADP’s website at www.adp.com under "Ethics" in the "About ADP" section.
Item 11. Executive Compensation

See "Compensation of Executive Officers" and "Election of Directors" in the Proxy Statement for Registrant's 2004 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management


Item 13. Certain Relationships and Related Transactions

See "Compensation of Executive Officers - Certain Transactions" in the Proxy Statement for Registrant's 2004 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

See "Independent Registered Public Accounting Firms' Fees" in the Proxy Statement for Registrant's 2004 Annual Meeting of Stockholders, which information is incorporated herein by reference.
Part IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)1. Financial Statements

The following reports and consolidated financial statements of the Registrant contained in the Registrant's 2004 Annual Report to Stockholders are also included in Part II, Item 8:

- Consolidated Balance Sheets - June 30, 2004 and 2003
- Statements of Consolidated Stockholders' Equity - years ended June 30, 2004, 2003 and 2002
- Notes to Consolidated Financial Statements
- Report of Management
- Report of Independent Registered Public Accounting Firm

Financial information of the Registrant is omitted because the Registrant is primarily a holding company. The Registrant's subsidiaries, which are listed on Exhibit 21 attached hereto, are wholly owned.

2. Financial Statement Schedules

<table>
<thead>
<tr>
<th>Report of Independent Registered Public Accounting Firm</th>
<th>Page in Form 10-K</th>
</tr>
</thead>
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<tr>
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<td>19</td>
</tr>
<tr>
<td>Schedule II - Valuation and Qualifying Accounts</td>
<td>20</td>
</tr>
</tbody>
</table>

All other Schedules have been omitted because they are inapplicable or are not required or the information is included elsewhere in the financial statements or notes thereto.

3. Exhibits

The following exhibits are filed with this Form 10-K or incorporated herein by reference to the document set forth next to the exhibit in the list below:

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Amended and Restated Certificate of Incorporation dated November 11, 1998 - incorporated by reference to Exhibit 3.1 to Registrant's Registration Statement No. 333-72023 on Form S-4 filed with the Commission on February 9, 1999</td>
</tr>
</tbody>
</table>
3.2 - Amended and Restated By-laws of the Registrant - incorporated by reference to Exhibit 3.2 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2002

4 - Indenture dated as of February 20, 1992 between Automatic Data Processing, Inc. and Bankers Trust Company, as trustee, regarding the Liquid Yield Option Notes due 2012 of the Registrant - incorporated by reference to Exhibit (4)-#1 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1992


10.3 - Key Employees' Restricted Stock Plan - incorporated by reference to Registrant's Registration Statement No. 33-25290 on Form S-8 (Management Compensatory Plan)

10.4 - Supplemental Officers' Retirement Plan, as amended - incorporated by reference to Exhibit 10.4 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2002 (Management Compensatory Plan)

10.5 - 1989 Non-Employee Director Stock Option Plan - incorporated by reference to Exhibit 10(iii)(A)-#7 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1990 (Management Compensatory Plan)

10.5(a) - Amendment to 1989 Non-Employee Director Stock Option Plan - incorporated by reference to Exhibit 10(iii)(A)-#7 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1997 (Management Compensatory Plan)

10.6 - 1990 Key Employees' Stock Option Plan - incorporated by reference to Exhibit 10(iii)(A)-#8 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1990 (Management Compensatory Plan)

10.6(a) - Amendment to 1990 Key Employees' Stock Option Plan - incorporated by reference to Exhibit 10(7)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1997 (Management Compensatory Plan)
<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
<th>Incorporation Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.9</td>
<td>2001 Executive Incentive Compensation Plan - incorporated by reference to Exhibit 10.9 to Registrant's</td>
<td>2001 Executive Incentive Compensation Plan - incorporated by reference to Exhibit 10.9 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2001 (Management Compensatory Plan)</td>
</tr>
<tr>
<td>10.10</td>
<td>Change in Control Severance Plan for Corporate Officers - incorporated by reference to Exhibit 10.3 to</td>
<td>Change in Control Severance Plan for Corporate Officers - incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2001 (Management Compensatory Plan)</td>
</tr>
<tr>
<td>10.11</td>
<td>Employees' Saving-Stock Option Plan - incorporated by reference to Registrant's Registration Statement</td>
<td>Employees' Saving-Stock Option Plan - incorporated by reference to Registrant's Registration Statement No. 333-10281 on Form S-8 (Management Compensatory Plan)</td>
</tr>
<tr>
<td>10.13</td>
<td>Amended and Restated Employees' Savings-Stock Purchase Plan - incorporated by reference to Exhibit 10.5 to</td>
<td>Amended and Restated Employees' Savings-Stock Purchase Plan - incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2003</td>
</tr>
<tr>
<td>10.15</td>
<td>Five-Year Credit Agreement, dated as of June 30, 2004, among Automatic Data Processing, Inc., the Lenders</td>
<td>Five-Year Credit Agreement, dated as of June 30, 2004, among Automatic Data Processing, Inc., the Lenders Party thereto, JPMorgan Chase Bank, as Administrative Agent, J.P. Morgan Europe Limited, as London Agent, JPMorgan Chase Bank, Toronto Branch, as Canadian Agent, the Swingline Lenders, and Bank of America, N.A., Barclays Bank PLC, BNP Paribas, Citibank, N.A., Deutsche Bank Securities Inc. and Wachovia National Association, as Co-Syndication Agents</td>
</tr>
<tr>
<td>13</td>
<td>Pages 18 to 45 of the 2004 Annual Report to Stockholders (with the exception of the pages incorporated by reference herein, the Annual Report is not a part of this filing)</td>
<td>Pages 18 to 45 of the 2004 Annual Report to Stockholders (with the exception of the pages incorporated by reference herein, the Annual Report is not a part of this filing)</td>
</tr>
<tr>
<td>21</td>
<td>Subsidiaries of the Registrant</td>
<td>Subsidiaries of the Registrant</td>
</tr>
</tbody>
</table>

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(b) Reports on Form 8-K during the fiscal quarter ended June 30, 2004

A Current Report on Form 8-K was filed on April 22, 2004 under Item 12 of Form 8-K, announcing the Registrant's financial results for the third fiscal quarter ended March 31, 2004. A Current Report on Form 8-K was filed on June 22, 2004 under Items 5 and 7 of Form 8-K, announcing that the Registrant had entered into a definitive agreement pursuant to which one of the Registrant's wholly owned subsidiaries had agreed to acquire all of the issued and outstanding shares of the capital stock of Fleet Securities Inc., a New York corporation, as well as certain assets and liabilities of the BrokerDealer Services division of Banc of America Securities LLC.
To the Board of Directors and Stockholders of Automatic Data Processing, Inc.
Roseland, New Jersey

We have audited the consolidated financial statements of Automatic Data Processing, Inc. and subsidiaries (the "Company") as of June 30, 2004 and 2003, and for each of the three years in the period ended June 30, 2004, and have issued our report thereon dated August 11, 2004; such consolidated financial statements and report are included in your 2004 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Automatic Data Processing, Inc., listed at Item 15(a)2. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP
-------------------------
New York, New York
August 11, 2004
AUTOMATIC DATA PROCESSING, INC.
AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
<th>Column D</th>
<th>Column E</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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Additions

<table>
<thead>
<tr>
<th>(1) Balance at beginning of period</th>
<th>(2) Charged to costs and expenses</th>
<th>Charged to other accounts - describe</th>
<th>Deductions - describe</th>
<th>Balance at end of period</th>
</tr>
</thead>
</table>

Year ended June 30, 2004:
Allowance for doubtful accounts:
  Current $54,654 $15,656 $3,335(B) $(22,665)(A) $50,980
  Long-term $11,103 $680 $-- $(3,205)(A) $8,578
Deferred tax valuation allowance $32,220 $2,953 $-- $(9,315)(D) $25,858

Year ended June 30, 2003:
Allowance for doubtful accounts:
  Current $52,873 $17,588 $712(B) $(16,519)(A) $54,654
  Long-term $16,019 $1,534 $-- $(6,450)(A) $11,103
Deferred tax valuation allowance $40,140 $5,318 $899(C) $(14,137)(E) $32,220

Year ended June 30, 2002:
Allowance for doubtful accounts:
  Current $41,996 $27,703 $743(B) $(17,569)(A) $52,873
  Long-term $16,666 $1,176 $-- $(1,823)(A) $16,019
Deferred tax valuation allowance $41,930 $3,179 $313(C) $(5,282)(D) $40,140

(A) Doubtful accounts written off, less recoveries on accounts previously written off.
(B) Acquired in purchase transactions.
(C) Related to foreign exchange fluctuation. (D) Related to the net deferred tax assets recorded in purchase accounting. The recognition of this allowance is allocated to reduce goodwill. (E) A portion of this allowance is related to the net deferred tax assets recorded in purchase accounting, the recognition of which is allocated to reduce goodwill. The remaining portion reduced the current year provision for income taxes.

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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUTOMATIC DATA PROCESSING, INC.
(Registrant)

August 30, 2004

By: /s/ Arthur F. Weinbach

__________________________
Arthur F. Weinbach
Chairman and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Arthur F. Weinbach</td>
<td>Chairman, Chief Executive Officer and Directors</td>
<td>August 30, 2004</td>
</tr>
<tr>
<td>(Arthur F. Weinbach)</td>
<td>(Principal Executive Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ Karen E. Dykstra</td>
<td>Chief Financial Officer</td>
<td>August 30, 2004</td>
</tr>
<tr>
<td>(Karen E. Dykstra)</td>
<td>(Principal Financial Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ Gregory D. Brenneman</td>
<td>Director</td>
<td>August 30, 2004</td>
</tr>
<tr>
<td>(Gregory D. Brenneman)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Leslie A. Brun</td>
<td>Director</td>
<td>August 30, 2004</td>
</tr>
<tr>
<td>(Leslie A. Brun)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Gary C. Butler</td>
<td>Director</td>
<td>August 30, 2004</td>
</tr>
<tr>
<td>(Gary C. Butler)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Joseph A. Califano, Jr.</td>
<td>Director</td>
<td>August 30, 2004</td>
</tr>
<tr>
<td>(Joseph A. Califano, Jr.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Leon G. Cooperman</td>
<td>Director</td>
<td>August 30, 2004</td>
</tr>
<tr>
<td>(Leon G. Cooperman)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
US$2,250,000,000

364-DAY CREDIT AGREEMENT

dated as of

June 30, 2004

among

AUTOMATIC DATA PROCESSING, INC.

The Borrowing Subsidiaries
referred to herein

The LENDERS Party Hereto

JPMORGAN CHASE BANK,
as Administrative Agent

and

BANK OF AMERICA, N.A.
Barclays Bank PLC
BNP Paribas
CITIBANK, N.A.
DEUTSCHE BANK SECURITIES INC. and
WACHOVIA NATIONAL ASSOCIATION,
as Co-Syndication Agents

J.P. MORGAN SECURITIES INC., and BANC OF
AMERICA SECURITIES LLC,
as Co-Lead Arrangers and Joint Bookrunners
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Exhibit B -- Form of Assignment and Acceptance
Exhibit C -- Form of Opinion of General Counsel of the Company
Exhibit D -- Form of Promissory Note
other capitalized term used and not otherwise defined herein having the meaning assigned to it in Article I) to extend credit in the form of Commitments under which the Company and the Borrowing Subsidiaries may obtain Loans in US Dollars in an aggregate principal amount at any time outstanding that will not result in the Exposures exceeding US$2,250,000,000. The Company has also requested the Lenders to provide (a) a procedure pursuant to which the Borrowers may invite the Lenders to bid on an uncommitted basis on short-term Loans to the Borrowers and (b) a procedure under which the Borrowers may obtain Loans on an uncommitted basis from individual Lenders on terms to be negotiated at the time such Loans are requested. The proceeds of borrowings hereunder are to be used for general corporate purposes of the Borrowers and their subsidiaries.

The Lenders are willing to establish the credit facilities referred to in the preceding paragraph upon the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINED TERMS. As used in this Agreement, the following terms have the meanings specified below:

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

"ADMINISTRATIVE AGENT" means JPMorgan Chase Bank, in its capacity as administrative agent for the Lenders hereunder or any successor in such capacity.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire in a form supplied by the Administrative Agent.
"AFFILIATE" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"AGREEMENT CURRENCY" has the meaning assigned to such term in Section 10.13(b).

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

"ASSIGNMENT AND ACCEPTANCE" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit B or any other form approved by the Administrative Agent.

"ATTRIBUTABLE DEBT" means, with respect to any Sale and Leaseback Transaction, the present value (discounted at the rate set forth or implicit in the terms of the lease included in such Sale and Leaseback Transaction) of the total obligations of the lessee for rental payments (other than amounts required to be paid on account of taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items which do not constitute payments for property rights) during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been extended). In the case of any lease which is terminable by the lessee upon payment of a penalty, the Attributable Debt shall be the lesser of the Attributable Debt determined assuming termination upon the first date such lease may be terminated (in which case the Attributable Debt shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated) or the Attributable Debt determined assuming no such termination.

"AVAILABILITY PERIOD" means the period from and including the Effective Date to but excluding the earlier of the Termination Date and the date of termination of the Commitments.

"BOARD" means the Board of Governors of the Federal Reserve System of the United States of America.

"BORROWER" means the Company or any Borrowing Subsidiary.

"BORROWING" means Loans (including Competitive Loans or Contract Loans) of the same Class and Type, made, converted or continued on the same date and,
in the case of Eurocurrency Loans or Fixed Rate Loans, as to which a single Interest Period is in effect.

"BORROWING MINIMUM" means US$5,000,000.

"BORROWING MULTIPLE" means US$1,000,000.

"BORROWING REQUEST" means a request by a Borrower for a Borrowing in accordance with Section 2.03.

"BORROWING SUBSIDIARY" means any Subsidiary that has been designated as such pursuant to Section 2.20 and that has not ceased to be a Borrowing Subsidiary as provided in such Section.

"BORROWING SUBSIDIARY AGREEMENT" means a Borrowing Subsidiary Agreement substantially in the form of Exhibit A-1.

"BORROWING SUBSIDIARY TERMINATION" means a Borrowing Subsidiary Termination substantially in the form of Exhibit A-2.

"BUSINESS DAY" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; PROVIDED, that when used in connection with a Eurocurrency Loan, the term "BUSINESS DAY" shall also exclude any day on which banks are not open for dealings in deposits in US Dollars in the London interbank market.

"CAPITAL LEASE OBLIGATIONS" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"CHANGE IN LAW" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or by any lending office of such Lender or by such Lender's holding company with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"CLASS", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Competitive Loans, or Contract Loans.
"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"COMMITMENT" means, with respect to each Lender, the commitment of such Lender to make Loans pursuant to Section 2.01, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Loan Exposure hereunder, as such commitment may be reduced from time to time pursuant to Section 2.10 or pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable. The aggregate amount of the Commitments on the date hereof is US$2,250,000,000.

"COMPANY" has the meaning assigned to such term in the heading of this Agreement.

"COMPETITIVE BID" means an offer by a Lender to make a Competitive Loan in accordance with Section 2.05.

"COMPETITIVE BID RATE" means, with respect to any Competitive Bid, the Margin or the Fixed Rate, as applicable, offered by the Lender making such Competitive Bid.

"COMPETITIVE BID REQUEST" means a request for Competitive Bids in accordance with Section 2.05.

"COMPETITIVE BORROWING" means a Borrowing comprised of Competitive Loans.

"COMPETITIVE LOAN" means a Loan made pursuant to Section 2.05. Each Competitive Loan shall be a Eurocurrency Loan or a Fixed Rate Loan.

"COMPETITIVE LOAN EXPOSURE" means, with respect to any Lender at any time, the aggregate principal amount of the outstanding Competitive Loans of such Lender.

"CONSOLIDATED NET WORTH" means the shareholders' equity of the Company, determined on a consolidated basis in accordance with GAAP.

"CONTRACT LOAN" has the meaning assigned to such term in Section 2.02(e).

"CONTRACT LOAN EXPOSURE" means, with respect to any Lender at any time, the aggregate principal amount of the outstanding Contract Loans of such Lender.
"CONTROL" means 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 ability to exercise voting power, by contract or otherwise. "CONTROLLING" and "CONTROLLED" have meanings correlative thereto.

"DEFAULT" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"EFFECTIVE DATE" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

"ENVIRONMENTAL LAWS" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"ENVIRONMENTAL LIABILITY" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any of the Borrowers or any of their Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA EVENT" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Company or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Company or any ERISA Affiliate from
the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Company or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

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

"EVENT OF DEFAULT" has the meaning assigned to such term in Article VII.

"EXCLUDED TAXES" means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any Obligation hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America (or any political subdivision thereof), or by the jurisdiction under which such recipient is organized or in which its principal office or any lending office from which it makes Loans hereunder is located, (b) any branch profit taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above, (c) in the case of a Lender (other than an assignee pursuant to a request by the Company under Section 2.19(b)), any withholding tax that is imposed by the United States of America (or any political subdivision thereof) on payments by a Borrower from an office within such jurisdiction to the extent such tax is in effect and would apply as of the date such Lender becomes a party to this Agreement or relates to payments received by a new lending office designated by such Lender and is in effect and would apply at the time such lending office is designated, and (d) any withholding tax that is attributable to such Lender's failure to comply with Section 2.17(e), except, in the case of clause (c) above, to the extent that (i) such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts with respect to such withholding tax pursuant to Section 2.17 or (ii) such withholding tax shall have resulted from the making of any payment to a location other than the office designated by the Administrative Agent or such Lender for the receipt of payments of the applicable type.

"EXPOSURE" means, with respect to any Lender, such Lender's Revolving Loan Exposure, Competitive Loan Exposure and Contract Loan Exposure.

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

"FINANCIAL OFFICER" means the chief financial officer, principal accounting officer, treasurer or controller of the Company.

"FIXED RATE" means, with respect to any Competitive Loan (other than a Eurocurrency Competitive Loan), the fixed rate of interest per annum specified by the Lender making such Competitive Loan in its related Competitive Bid.

"FIXED RATE LOAN" means a Competitive Loan bearing interest at a Fixed Rate.

"GAAP" means generally accepted accounting principles in the United States of America.

"GOVERNMENTAL AUTHORITY" means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government.

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

"HAZARDOUS MATERIALS" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.
"HEDGING AGREEMENT" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"INDEBTEDNESS" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) 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 Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"INDEMNIFIED TAXES" means Taxes other than Excluded Taxes.

"INTEREST ELECTION REQUEST" means a request by the relevant Borrower to convert or continue a Borrowing in accordance with Section 2.09.

"INTEREST PAYMENT DATE" means (a) with respect to any ABR Loan, the last day of each March, June, September and December, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period, (c) with respect to any Fixed Rate Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Fixed Rate Loan with an Interest Period of more than 90 days’ duration (unless otherwise specified in the applicable Competitive Bid Request), each day prior to the last day of such Interest Period that occurs at intervals of 90 days’ duration after the first day of such Interest Period, and any other dates specified in the applicable Competitive Bid Request as Interest Payment Dates with respect to such Borrowing, and (d) with respect to any Contract Loan, the date or dates agreed upon by the relevant Borrower and the applicable
Lender or, if no such dates shall have been agreed upon, the last day of each March, June, September and December.

"INTEREST PERIOD" means, (i) with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the relevant Borrower may elect, (ii) with respect to any Fixed Rate Borrowing, the period (which shall not be more than 360 days) commencing on the date of such Borrowing and ending on the date specified in the applicable Competitive Bid Request and (iii) with respect to any Contract Loan, the period commencing on the date of such Borrowing and ending on the date agreed upon by the relevant Borrower and the applicable Lender; PROVIDED that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made, and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"JPMCB" means JPMorgan Chase Bank and its successors.

"JUDGMENT CURRENCY" has the meaning assigned to such term in Section 10.13(b).

"LENDERS" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that shall have ceased to be a party hereto pursuant to an Assignment and Acceptance.

"LIBO RATE" means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period by reference to the British Banks' Association Interest Settlement Rates for deposits in US Dollars (as reflected on the applicable Telerate screen), for a period equal to such Interest Period; PROVIDED that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, "LIBO Rate" shall mean the interest rate per annum determined by the Administrative Agent to be the average of the rates per annum at which deposits in US Dollars are offered for such Interest Period to major banks in the London interbank market by JPMCB at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period.
"LIEN" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"LOAN DOCUMENTS" means this Agreement, each Borrowing Subsidiary Agreement, each Borrowing Subsidiary Termination and each promissory note delivered pursuant to this Agreement.

"LOANS" means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

"MARGIN" means, with respect to any Competitive Loan bearing interest at a rate based on the LIBO Rate, the marginal rate of interest, if any, to be added to or subtracted from the LIBO Rate to determine the rate of interest applicable to such Loan, as specified by the Lender making such Loan in its related Competitive Bid.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform any of its obligations under this Agreement or (c) the rights of or benefits available to the Lenders under this Agreement.

"MATERIAL INDEBTEDNESS" means Indebtedness (other than the Loans), or obligations in respect of one or more Hedging Agreements, of the Company and its Subsidiaries in an aggregate principal amount exceeding US$250,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Borrower or Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"MATERIAL SUBSIDIARY" means (a) any Subsidiary that is a Borrower, (b) any Subsidiary that directly or indirectly owns or Controls any Material Subsidiary and (c) any other Subsidiary (i) the revenues of which for the most recent period of four fiscal quarters of the Company for which audited financial statements have been delivered pursuant to Section 5.01 were greater than 10% of the Company's consolidated revenues for such period or (ii) the assets of which as of the end of such period were greater than 10% of the Company's consolidated assets as of such date; PROVIDED that if at any time the aggregate amount of the revenues or assets of all Subsidiaries that are not Material Subsidiaries for or at the end of any period of four fiscal quarters exceeds 10% of the Company's consolidated revenues for such period or 10% of the Company's consolidated revenues for such period or 10% of the Company's consolidated...
assets as of the end of such period, the Company shall (or, in the event the Company has failed to do so within 10 days, the Administrative Agent may) designate sufficient Subsidiaries as "Material Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Material Subsidiaries. For purposes of making the determinations required by this definition, revenues and assets of foreign Subsidiaries shall be converted into US Dollars at the rates used in preparing the consolidated balance sheet of the Company included in the applicable financial statements.

"MATURITY DATE" means the Termination Date or any later date to which the Maturity Date shall have been extended pursuant to Section 2.08(f).

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"OBLIGATIONS" means the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans made to any Borrower, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Borrowers under this Agreement and the other Loan Documents.

"OTHER TAXES" means any and all present or future recording, stamp, documentary, excise, transfer, sales, property or similar taxes, charges or levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"PERCENTAGE" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"PERMITTED ENCUMBRANCES" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;
(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in good faith;

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

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of any of the Borrowers or any of their Subsidiaries;

PROVIDED that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness or any Lien in favor of the PBGC.

"PERSON" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

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

"PRIME RATE" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"QUOTATION DAY" means, with respect to any Eurocurrency Borrowing and any Interest Period, the day on which it is market practice in the relevant interbank market for prime banks to give quotations for deposits in US Dollars for delivery on the first day of such Interest Period. If such quotations would normally be given by prime banks on more than one day, the Quotation Day will be the last of such days.
"REGISTER" has the meaning set forth in Section 10.04.

"RELATED FUND" means, with respect to any Lender that is a fund that invests in bank loans, any other fund that invests in bank loans and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"RELATED PARTIES" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, trustees, agents and advisors of such Person and such Person's Affiliates.

"REQUIRED LENDERS" means, at any time, Lenders having unused Commitments and Revolving Loan Exposures representing more than 50% of the aggregate total unused Commitments and Revolving Loan Exposures; PROVIDED that, for purposes of declaring the Loans to be due and payable pursuant to Article VII, and for all purposes after the Loans become due and payable pursuant to Article VII or the Commitments expire or terminate, the outstanding Competitive Loans and Contract Loans of the Lenders shall be included in their respective Revolving Loan Exposures in determining the Required Lenders.

"REVOLVING BORROWING" means a Borrowing comprised of Revolving Loans.

"REVOLVING LOAN" means a Loan made by a Lender pursuant to Section 2.01. Each Revolving Loan shall be a Eurocurrency Loan or an ABR Loan.

"REVOLVING LOAN EXPOSURE" means, at any time, the aggregate principal amount of the Revolving Loans outstanding at such time. The Revolving Loan Exposure of any Lender at any time shall be such Lender's Percentage of the total Revolving Loan Exposure at such time.

"SALE AND LEASEBACK TRANSACTION" means any arrangement whereby the Company or a Subsidiary, directly or indirectly, shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

"STATUTORY RESERVES" means any reserve, liquid asset or similar requirements established by any Governmental Authority of the United States to which banks in such jurisdiction are subject for any category of deposits or liabilities customarily used to fund loans in US Dollars or by reference to which interest rates applicable to Loans are determined.

"SUBSIDIARY" means, with respect to any Person, any entity with respect to which such Person alone owns, such Person or one or more of its subsidiaries together own, or such Person and any Person Controlling such Person together own, in each case
directly or indirectly, capital stock or other equity interests having ordinary voting power to elect a majority of the members of the Board of Directors of such corporation or other entity or having a majority interest in the capital or profits of such corporation or other entity.

"SUBSIDIARY" means any subsidiary of the Company.

"TAXES" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"TERMINATION DATE" means June 29, 2005.

"TRANSACTIONS" means the execution, delivery and performance by the Company and the other Borrowers of the Loan Documents and the borrowing of Loans hereunder and the use of the proceeds thereof.

"TYPE", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate, the Alternate Base Rate, or a Fixed Rate.

"US DOLLARS" or "US $" means the lawful money of the United States of America.

"WITHDRAWAL LIABILITY" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. CLASSIFICATION OF LOANS AND BORROWINGS. For purposes of this Agreement, Loans may be classified and referred to by Class (E.G., a "Revolving Loan") or by Type (E.G., a "Eurocurrency Loan") or by Class and Type (E.G., a "Eurocurrency Revolving Loan"). Borrowings also may be classified and referred to by Class (E.G., a "Revolving Borrowing") or by Type (E.G., a "Eurocurrency Borrowing") or by Class and Type (E.G., a "Eurocurrency Revolving Borrowing").

SECTION 1.03. TERMS GENERALLY. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein),
(b) any reference herein to any Person shall be construed to include such Person's successors
and assigns, (c) the words "herein", "hereof" and "hereunder" and words of similar import shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. ACCOUNTING TERMS; GAAP. 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 that if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

THE CREDITS

SECTION 2.01. COMMITMENTS. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Company and the Borrowing Subsidiaries from time to time during the Availability Period in US Dollars in an aggregate principal amount at any time outstanding that will not result in (i) such Lender's Revolving Loan Exposure exceeding its Commitment or (ii) the aggregate Exposures exceeding the aggregate Commitments.

SECTION 2.02. LOANS AND BORROWINGS. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders (or their Affiliates as provided in paragraph (b) below) ratably in accordance with their respective Commitments. Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.05. Each Contract Loan shall be made in accordance with the procedures set forth in paragraph (e) below. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; PROVIDED that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required hereunder.

(b) Subject to Section 2.14, (i) each Revolving Borrowing shall be comprised entirely of Eurocurrency Loans or ABR Loans as the applicable Borrower may request in accordance herewith and (ii) each Competitive Borrowing shall be comprised
entirely of Eurocurrency Loans or Fixed Rate Loans, as the applicable Borrower may request in accordance herewith. Each Lender at its option may make any Loan by causing any domestic branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); PROVIDED that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Borrowing (other than a Borrowing comprised of Competitive Loans or Contract Loans), such Borrowing shall be in an aggregate amount that is at least equal to the Borrowing Minimum and an integral multiple of the Borrowing Multiple; PROVIDED that an ABR Borrowing may be made in an aggregate amount that is equal to the aggregate available Commitments. Borrowings of more than one Type and Class may be outstanding at the same time; PROVIDED that there shall not at any time be more than a total of five Eurocurrency Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

(e) At any time, any Borrower and any Lender may agree that such Lender will make a Loan (a “CONTRACT LOAN”) to the Borrower denominated in US Dollars, and bearing interest at an agreed upon rate, for an interest period to be agreed upon and upon such other terms as the applicable Borrower and Lender may agree (it being understood that a Contract Loan shall not be required to be in any particular minimum amount); PROVIDED, that, (i) after giving effect to the making of any such Contract Loan, the aggregate Exposures shall not exceed the aggregate Commitments and (ii) no such Loan shall be a Contract Loan unless the relevant Borrower and the applicable Lender expressly agree at the time such Loan is made, and notify the Administrative Agent, that such Loan shall be a Contract Loan for purposes of this Agreement. If the applicable Borrower and Lender shall, after any Contract Loan is made, agree that such Contract Loan shall no longer be a Contract Loan hereunder and shall notify the Administrative Agent of such agreement, such Loan shall, as of the date of such agreement, cease to be a Contract Loan or to be entitled to any further benefits under this Agreement. Contract Loans shall be deemed Loans for all purposes under this Agreement. Each Borrower and Lender shall promptly notify the Administrative Agent of any repayment or prepayment of any such Contract Loan.

SECTION 2.03. REQUESTS FOR REVOLVING BORROWINGS. To request a Revolving Borrowing, the applicable Borrower, or the Company on behalf of the applicable Borrower, shall notify the Administrative Agent of such request by telephone
(a) in the case of a Eurocurrency Borrowing, not later than 2:00 p.m., New York City time, three Business Days before the date of the proposed Borrowing and (b) in the case of an ABR Borrowing, not later than 12:00 noon, New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the applicable Borrower, or by the Company on behalf of the applicable Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the Borrower requesting such Borrowing (or on whose behalf the Company is requesting such Borrowing);

(ii) the aggregate principal amount of the requested Borrowing;

(iii) the date of the requested Borrowing, which shall be a Business Day;

(iv) the Type of the requested Borrowing;

(v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the relevant Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the relevant Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of the Loan to be made by such Lender as part of the requested Borrowing.

SECTION 2.04. [Intentionally Omitted]

SECTION 2.05. COMPETITIVE BID PROCEDURE. (a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period any Borrower may request Competitive Bids for Competitive Loans in US Dollars and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans; PROVIDED that the aggregate Exposures at any time shall not exceed the aggregate Commitments. To request Competitive Bids, the Company or the applicable Borrower shall notify the Administrative Agent of such request by telephone (i) in the case of a Eurocurrency Competitive Borrowing, not later than 10:00 a.m., New York City time,
four Business Days before the date of the proposed Competitive Borrowing and
(ii) in the case of a Fixed Rate Borrowing not later than 12:00 noon, New York City time, one Business Day before the date of the proposed
Competitive Borrowing. Not more than three Competitive Bid Requests may be submitted on the same day. Each telephonic Competitive Bid
Request shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Competitive Bid Request in a form
approved by the Administrative Agent and signed by the Company. Each such telephonic and written Competitive Bid Request shall specify
the following information in compliance with Section 2.02:

(i) the Borrower requesting the Competitive Bid and the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be a Eurocurrency Borrowing or a Fixed Rate Borrowing;

(iv) the Interest Period to be applicable to such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period";

and

(v) the location and number of the Company's account to which funds are to be disbursed, which shall comply with the requirements of
Section 2.07.

Promptly following receipt of a Competitive Bid Request in accordance with this Section, the Administrative Agent shall notify the Lenders of
the details thereof by telecopy, inviting the Lenders to submit Competitive Bids.

(b) Each Lender may (but shall not have any obligation to) make one or more Competitive Bids to the Company in response to a Competitive
Bid Request. Each Competitive Bid by a Lender must be in a form approved by the Administrative Agent and must be received by the
Administrative Agent by telecopy, (i) in the case of a Eurocurrency Competitive Borrowing, not later than 12:00 noon, New York City time,
four Business Days before the date of the 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 date of the proposed Competitive Borrowing. Competitive Bids that do not conform to the form approved by
the Administrative Agent may be rejected by the Administrative Agent, and the Administrative Agent shall notify the applicable Lender as
promptly as practicable. Each Competitive Bid shall specify (i) the principal amount (which may equal the entire principal amount of the
Competitive Borrowing requested by the Company) of the Competitive Loan or Loans that the Lender is willing to make, (ii) the Competitive
Bid Rate or Rates at which the Lender is prepared to make such Loan or Loans (expressed as a percentage rate per annum in the form of a
decimal to no more than four decimal places) and (iii) the Interest Period applicable to each such Loan and the last day thereof.
(c) The Administrative Agent shall promptly notify the Company by telecopy of the Competitive Bid Rate and the principal amount specified in each Competitive Bid and the identity of the Lender that shall have made such Competitive Bid.

(d) Subject only to the provisions of this paragraph, the applicable Borrower may accept or reject any Competitive Bid. The Borrower shall notify the Administrative Agent by telephone, confirmed by telecopy in a form approved by the Administrative Agent, whether and to what extent it has decided to accept or reject each Competitive Bid, (i) in the case of a Eurocurrency Competitive Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., New York City time, on the date of the proposed Competitive Borrowing; PROVIDED that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) the Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if such Borrower rejects a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the aggregate amount of the requested Competitive Borrowing specified in the related Competitive Bid Request and (iv) to the extent necessary to comply with clause (iii) above, the Borrower may accept Competitive Bids at the same Competitive Bid Rate in part, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid; PROVIDED FURTHER that in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of the Borrowing Multiple in a manner determined by the Borrower. A notice given by the Borrower pursuant to this paragraph shall be irrevocable.

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

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

SECTION 2.06. [Intentionally Omitted]

SECTION 2.07. FUNDING OF BORROWINGS. (a) Each Lender shall make each Loan (other than a Contract Loan) to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 2:00 p.m., New York City.
time, to the account of the Administrative Agent. The Administrative Agent will make such Loans available to the relevant Borrower by promptly crediting the amounts so received, in like funds, to an account of such Borrower maintained by the Administrative Agent (or another account specified by such Borrower in the applicable Borrowing Request) in New York City. Each Lender shall make each Contract Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by the time and to the account agreed upon by the relevant Borrower and the applicable Lender.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the relevant Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, and the Administrative Agent has made an amount corresponding to such share available to such Borrower, then the applicable Lender and such Borrower severally agree to pay to the Administrative Agent forthwith on demand an amount with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the rate reasonably determined by the Administrative Agent to be the cost to it of funding such amount or (ii) in the case of such Borrower, the interest rate applicable to the subject Loan. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing and the Administrative Agent shall return to such Borrower any amount (including interest) paid by such Borrower to the Administrative Agent pursuant to this paragraph.

SECTION 2.08. REPAYMENT OF BORROWINGS; EVIDENCE OF DEBT; EXTENSION OF MATURITY DATE. (a) Each Borrower hereby unconditionally promises to pay to the Administrative Agent for the accounts of the applicable Lenders (i) the then unpaid principal amount of the Loans comprising each Borrowing of such Borrower on the Maturity Date and (ii) the then unpaid principal amount of each Competitive Loan on the last day of the Interest Period applicable thereto. Each Borrower hereby unconditionally promises to pay to the applicable Lender the then unpaid principal amount of each Contract Loan on the date or dates agreed by such Borrower and such Lender.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the obligations of each Borrower to such Lender resulting from the Loans made by such Lender.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Borrowing made hereunder, the Class and Type thereof and
the Interest Period applicable thereto and (ii) the amount of any sum received by the Administrative Agent hereunder for the accounts of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be PRIMA FACIE evidence of the existence and amounts of the obligations recorded therein; PROVIDED that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans made to it in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans of any Class made by it to any Borrower be evidenced by a promissory note if it is the policy of such Lender to obtain promissory notes in transactions comparable to those provided for herein or if has another business reason for requesting such a promissory note. In such event, each applicable Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in the form of Exhibit D hereto. Thereafter, the Loans evidenced by each such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

(f) Each Borrower may, by notice to the Administrative Agent (which shall promptly deliver a copy to each of the Lenders) given not less than 45 days and not more than 60 days prior to the Termination Date, extend the Maturity Date to a date no later than the first anniversary of the Termination Date; PROVIDED, that any such extension of the Maturity Date shall be subject to the satisfaction, on and as of the Termination Date, of the following conditions:

(i) The representations and warranties of the Borrowers set forth herein shall be true and correct on and as of the Termination Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct as of such earlier date).

(ii) Immediately before and after the Termination Date, no Default shall have occurred and be continuing.

An extension of the Maturity Date as set forth herein shall be deemed to constitute a representation and warranty by each Borrower on and as of the Termination Date as to the matters specified in paragraphs (i) and (ii) of this Section 2.08(f). Loans repaid or prepaid after the Termination Date may not be reborrowed.
SECTION 2.09. INTEREST ELECTIONS. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. After the initial Revolving Borrowings, the Borrowers may elect to convert and continue such Revolving Borrowings as provided in this Section. The Borrowers may elect different options with respect to different portions of the affected Borrowings, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowings and any Loans resulting from an election made with respect to any such portion shall be considered a separate Borrowing. Notwithstanding any other provision of this Section, no Borrowing may be converted into or continued as a Borrowing with an Interest Period ending after the Maturity Date. This Section shall not apply to Competitive Loans or to Contract Loans, which may not be converted or continued.

(b) To make an election pursuant to this Section, a Borrower, or the Company on its behalf, shall notify the Administrative Agent of such election by telephone in the case of an election that would result in a Borrowing, by the time and date that a Borrowing Request would be required under Section 2.03 if such Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the relevant Borrower, or the Company on its behalf. Notwithstanding any contrary provision herein, this Section shall not be construed to permit any Borrower to elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d).

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.03:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether a Eurocurrency Borrowing or an ABR Borrowing is elected; and

(iv) in the case of an election of a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period"; PROVIDED
that no Eurocurrency Borrowing may be elected with an Interest Period that would extend after the Maturity Date.

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the relevant Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period, such Borrowing shall be converted to an ABR Borrowing.

(f) The conversion or continuation of any Borrowing shall not constitute a repayment of amounts outstanding or a new advance of funds hereunder.

SECTION 2.10. TERMINATION AND REDUCTION OF COMMITMENTS. (a) Unless previously terminated, the Commitments shall terminate on the Termination Date.

(b) The Company may at any time terminate, or from time to time reduce, the Commitments; PROVIDED that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum and (ii) the Company shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the Revolving Loan Exposure of any Lender would exceed its Commitment or the aggregate Exposures would exceed the aggregate Commitments.

(c) The Company shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying the effective date of such election. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable; PROVIDED that a notice of termination of the Commitments delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.
SECTION 2.11. PREPAYMENT OF LOANS. (a) Any Borrower, or the Company on behalf of any Borrower, shall have the right at any time and from time to time to prepay any Borrowing of such Borrower in whole or in part, subject to prior notice in accordance with paragraph (d) of this Section; PROVIDED, that, unless the applicable Borrowers and Lenders shall have otherwise agreed at the time such Loans were made, Competitive Loans or Contract Loans may be prepaid only with the consent of the Lenders making such Loans.

(b) If the aggregate Exposures shall exceed the aggregate Commitments, then (i) on the last day of any Interest Period for any Eurocurrency Borrowing, and (ii) on any other date in the event ABR Borrowings shall be outstanding, the applicable Borrowers shall prepay Loans in an amount equal to the lesser of (A) the amount necessary to eliminate such excess (after giving effect to any other prepayment of Loans on such day) and (B) the amount of the applicable Borrowings referred to in clause (i) or (ii), as applicable.

(c) Prior to any optional or mandatory prepayment of Borrowings hereunder, the applicable Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to paragraph (d) of this Section.

(d) The applicable Borrower, or the Company on behalf of the applicable Borrower, shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment of a Borrowing hereunder (i) in the case of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of such prepayment and (ii) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of such prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; PROVIDED that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.10(c), then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.10(c). Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments pursuant to Section 2.16.

SECTION 2.12. FEES. (a) The Company agrees to pay to the Administrative Agent, in US Dollars, for the account of each Lender, a facility fee, which shall accrue at the rate of 0.030% per annum on the daily amount of the sum of such Lender's Commitment (whether used or unused) during the period from and including the
date hereof to but excluding the date on which such Commitment terminates; PROVIDED that, if such Lender continues to have any Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Exposure to but excluding the date on which such Lender ceases to have any such Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year, commencing on the first such date to occur after the date hereof, and on the date on which all the Commitments shall have terminated and the Lenders shall have no further Exposures. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) For each day on which the aggregate Exposures shall exceed 50% of the aggregate Commitments, and for each day after the Termination Date on which the Lenders have any Exposures, a utilization fee, which shall accrue at a rate of 0.050% per annum, shall be paid to each Lender, through the Administrative Agent, by the Company and/or Borrowing Subsidiaries in US Dollars on such Lender's Percentage of the aggregate Exposures. The accrued utilization fees, if any, shall be payable in arrears on the last day of each March, June, September and December and on the Maturity Date. All utilization fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Company agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Company and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, in the case of facility fees and utilization fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. INTEREST. (a) The Loans comprising each ABR Borrowing shall bear interest (i) prior to the Termination Date, at the Alternate Base Rate and (ii) on and after the Termination Date, at the Alternate Base Rate plus 0.125% per annum.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest (i) in the case of a Revolving Borrowing, at the LIBO Rate for the Interest Period in effect for such Borrowing plus (A) prior to the Termination Date, 0.120% per annum and (B) on and after the Termination Date, 0.245% per annum, or (ii) in the case of a Eurocurrency Competitive Loan, at the LIBO Rate for the Interest Period in effect for such Borrowing plus (or minus, as applicable) the Margin applicable to such Loan.

(c) Each Fixed Rate Loan shall bear interest at the Fixed Rate applicable to such Loan.
(d) Each Contract Loan shall bear interest at a rate per annum agreed upon between the applicable Borrower and Lender.

(e) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee payable by any Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% per annum plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section and (ii) in the case of any other amount payable, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) above.

(f) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; PROVIDED that (i) interest accrued pursuant to paragraph (f) above shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(g) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. ALTERNATE RATE OF INTEREST. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by a majority in interest of the Lenders that would participate in such Borrowing that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the applicable Borrower and the applicable Lenders by telephone or telecopy as promptly as practicable thereafter and,
until the Administrative Agent notifies the applicable Borrower and the applicable Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective, and any Eurocurrency Borrowing that is requested to be continued shall be repaid on the last day of the then current Interest Period applicable thereto, and (ii) any Borrowing Request for a Eurocurrency Borrowing shall be ineffective.

SECTION 2.15. INCREASED COSTS. (a) If any Change in Law or the applicability of any Statutory Reserves shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender; or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender or participations therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Company will pay or cause the other Borrowers to pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender reasonably determines that any Change in Law regarding capital requirements 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 or the Loans made by, such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Company will pay or cause the other Borrowers to pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Each Lender shall determine the amount or amounts necessary to compensate such Lender or such Lender's holding company, as the case may be, as specified in paragraph (a) or (b) of this Section using the methods customarily used by it for such purpose (and if such Lender uses more than one such method, the method used hereunder shall be that which most accurately determines such amount or amounts). A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or such Lender's holding company, as the case may be, as specified in
paragraph (a) or (b) of this Section, and setting forth in reasonable detail the calculations used by such Lender to determine such amount, shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay or cause the other Borrowers to pay to such Lender the amount shown as due on any such certificate within 15 Business Days after receipt thereof. (d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender’s right to demand such compensation; PROVIDED that the Company shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and delivers a certificate with respect thereto as provided in paragraph (c) above; PROVIDED FURTHER that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. BREAK FUNDING PAYMENTS. In the event of (a) the payment of any principal of any Eurocurrency Loan or Fixed Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan to a Loan of a different Type or Interest Period other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(d) and is revoked in accordance therewith), or (d) the assignment or deemed assignment of any Eurocurrency Loan or Fixed Rate Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.19, then, in any such event, the applicable Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount of such Loan at the interest rate such Lender would bid were it to bid, at the commencement of such period, for deposits of a comparable amount and period from other banks in the London interbank market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section, and setting forth in reasonable detail the calculations used by such Lender to determine such amount or amounts, shall be delivered to the applicable Borrower and shall be conclusive absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 15 Business Days after receipt thereof.
SECTION 2.17. TAXES. (a) Any and all payments by or on account of any Borrower in respect of any Obligation hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; PROVIDED that if any Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or the applicable Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrowers shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The relevant Borrower shall indemnify the Administrative Agent and each Lender, within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of any Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability setting forth in reasonable detail the circumstances giving rise thereto and the calculations used by such Lender to determine the amount thereof delivered to the Company by a Lender, or by the Administrative Agent, on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

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

(e) Any Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which a Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Company (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Company as will permit such payments to be made without withholding or at a reduced rate; PROVIDED
that such Lender has received written notice from the Company advising it of the availability of such exemption or reduction and containing all applicable documentation.

SECTION 2.18. PAYMENTS GENERALLY; PRO RATA TREATMENT; SHARING OF SETOFFS. (a) Except as agreed by the relevant Borrower and the applicable Lenders with respect to Contract Loans, each Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest or fees, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time (or any other applicable time agreed by the relevant Borrower and the applicable Lenders with respect to Contract Loans) on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account specified in Schedule 2.18 for the account of the applicable Lenders or, in any such case, to such other account as the Administrative Agent shall from time to time specify in a notice delivered to the Company and the applicable Borrower; PROVIDED that payments to the applicable Lenders in respect of Contract Loans and payments pursuant to Sections 2.15, 2.16, 2.17 and 10.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein (it being agreed that the Borrowers will be deemed to have satisfied their obligations with respect to payments referred to in this proviso if they shall make such payments to the persons entitled thereto in accordance with instructions provided by the Administrative Agent; the Administrative Agent agrees to provide such instructions upon request, and no Borrower will be deemed to have failed to make such a payment if it shall transfer such payment to an improper account or address as a result of the failure of the Administrative Agent to provide proper instructions). The Administrative Agent shall distribute any such payments received by it for the account of any Lender or other Person promptly, in accordance with customary banking practices, following receipt thereof at the appropriate lending office or other address specified by such Lender or other Person. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in US Dollars. Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any
other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of their Loans and accrued interest thereon; PROVIDED that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Company or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation. Any purchaser of a participation under this paragraph shall have the benefit of Sections 2.15, 2.16 and 2.17 with respect to the participation purchased, but shall not be deemed by virtue of such purchase to have extended any Commitment that it had not extended prior to such purchase.

(c) Unless the Administrative Agent shall have received notice from the relevant Borrower prior to the date on which any payment is due for the account of all or certain of the Lenders hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the applicable Lenders , as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the applicable Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with banking industry practices on interbank compensation.

(d) If any Lender shall fail to make any payment required to be made by it to the Administrative Agent pursuant to this Agreement, then the Administrative may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by it for the account of such Lender to satisfy such Lender's obligations to the Administrative Agent until all such unsatisfied obligations are fully paid.

SECTION 2.19. MITIGATION OBLIGATIONS; REPLACEMENT OF LENDERS.
(a) If any Lender requests compensation under Section 2.15, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account...
of any Lender pursuant to Section 2.17, then such Lender shall consult with the Company regarding any actions that could be taken to reduce amounts payable under such Sections and the costs of taking such actions and shall, at the request of the Company following such consultations, use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable, direct, out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); PROVIDED that (i) the Company shall have received the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld and (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee or the Company. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

SECTION 2.20. DESIGNATION OF BORROWING SUBSIDIARIES. The Company may at any time and from time to time designate any Subsidiary as a Borrowing Subsidiary by delivery to the Administrative Agent of a Borrowing Subsidiary Agreement executed by such Subsidiary and the Company, and upon such delivery such Subsidiary shall for all purposes of this Agreement be a Borrowing Subsidiary and a party to this Agreement until the Company shall have executed and delivered to the Administrative Agent a Borrowing Subsidiary Termination with respect to such Subsidiary, whereupon such Subsidiary shall cease to be a Borrowing Subsidiary and a party to this Agreement. Notwithstanding the preceding sentence, no Borrowing Subsidiary Termination will become effective as to any Borrowing Subsidiary at a time when any principal of or interest on any Loan to such Borrowing Subsidiary shall be outstanding hereunder, PROVIDED that such Borrowing Subsidiary Termination shall be effective to terminate the right of such Borrowing Subsidiary to make further Borrowings.
under this Agreement. As soon as practicable upon receipt of a Borrowing Subsidiary Agreement, the Administrative Agent shall send a copy thereof to each Lender.

**ARTICLE III**

**REPRESENTATIONS AND WARRANTIES**

The Company and each other Borrower represents and warrants to the Lenders that:

**SECTION 3.01. ORGANIZATION; POWERS.** The Company and each of the Material Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

**SECTION 3.02. AUTHORIZATION; ENFORCEABILITY.** The Transactions are within the Company's and each other Borrower's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by the Company and each other Borrower and constitutes a legal, valid and binding obligation of each of them, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

**SECTION 3.03. GOVERNMENTAL APPROVALS; NO CONFLICTS.** The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Company or any other Borrower or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Company or any Subsidiary or their assets, or give rise to a right thereunder to require any payment to be made by the Company or any Subsidiary, and (d) will not result in the creation or imposition of any Lien on any asset of the Company or any Subsidiary.

**SECTION 3.04. FINANCIAL CONDITION; NO MATERIAL ADVERSE CHANGE.**

(a) The Company has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders' equity and cash flows as of and for the fiscal year ended June 30, 2003 (the "ANNUAL FINANCIAL STATEMENTS"), reported on by Deloitte & Touche, independent public accountants, certified by its chief financial officer and its consolidated balance sheet and statements of income, stockholders' equity and cash flows
as of and for the fiscal quarters ended September 30, 2003, December 31, 2003 and March 31, 2004 (together, the "QUARTERLY FINANCIAL STATEMENTS"), certified by one of its Financial Officers. The Annual Financial Statements and the Quarterly Financial Statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and the consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to, in the case of the Quarterly Financial Statements, normal year-end adjustments and the absence of footnotes.

(b) Since March 31, 2004, there has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of the Company and the Subsidiaries, taken as a whole.

SECTION 3.05. PROPERTIES. The Company and each Material Subsidiary has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes and except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. LITIGATION AND ENVIRONMENTAL MATTERS. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Company, threatened against or affecting the Company and its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement or the Transactions.

(b) Except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of the Company and the Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.07. COMPLIANCE WITH LAWS AND AGREEMENTS. The Company and each Material Subsidiary is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to be in compliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. FEDERAL RESERVE REGULATIONS. (a) Neither any Borrower nor any Subsidiary is engaged principally, or as a substantial part of its activities, in the
business of extending credit for the purpose of purchasing or carrying Margin Stock (within the meaning of Regulation U).

(b) No part of the proceeds of any Loan has been or will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock (as defined in Regulation U of the Board) or to refinance Indebtedness originally incurred for such purpose, or in any manner or for any purpose that has resulted or will result in a violation of Regulation U or X of the Board.

SECTION 3.09. INVESTMENT AND HOLDING COMPANY STATUS. Neither the Borrowers nor any of the Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.10. TAXES. The Company and the Material Subsidiaries have timely filed or caused to be filed all Tax returns and reports required to have been filed and have paid or caused to be paid all Taxes required to have been paid by them, except (a) any Taxes that are being contested in good faith by appropriate proceedings and for which the Company or such Subsidiary has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than US$100,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than US$100,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.12. DISCLOSURE. Neither the Confidential Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of the Borrowers to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
ARTICLE IV

CONDITIONS

SECTION 4.01. EFFECTIVE DATE. This Agreement shall become effective on the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

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

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of James B. Benson, Esq., General Counsel of the Company, substantially in the form of Exhibit C, and covering such other matters relating to the Company, this Agreement or the Transactions as the Required Lenders shall reasonably request. The Company hereby requests such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrowers, the authorization of the Transactions and any other legal matters relating to the Borrowers, this Agreement or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Company, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02 (without giving effect to the parenthetical in such paragraph (a)).

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

(f) The commitments under the Company's Amended and Restated 364-Day Credit Agreement dated as of September 30, 2003 shall have been or shall simultaneously be terminated and the principal of and interest accrued on all loans outstanding thereunder and all fees and other amounts accrued or owing thereunder shall have been or shall simultaneously be paid in full.
The Administrative Agent shall notify the Company and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) at or prior to 5:00 p.m., New York City time, on June 30, 2004 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.02. EACH CREDIT EVENT. The obligation of each Lender to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrowers set forth in this Agreement (other than the representations set forth in Sections 3.04(b) and 3.06(a)) shall be true and correct on and as of the date of such Borrowing.

(b) At the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

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

SECTION 4.03. INITIAL CREDIT EVENT FOR EACH BORROWING SUBSIDIARY. The obligation of each Lender to make Loans to any Borrowing Subsidiary is subject to the satisfaction of the following conditions:

(a) The Administrative Agent (or its counsel) shall have received a Borrowing Subsidiary Agreement of such Borrowing Subsidiary duly executed by all parties thereto.

(b) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the formation, existence and good standing of such Borrowing Subsidiary, the authorization of the Transactions insofar as they relate to such Borrowing Subsidiary and any other legal matters relating to such Borrowing Subsidiary, its Borrowing Subsidiary Agreement or such Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees and other amounts payable hereunder shall have
been paid in full, the Company and each other Borrower covenants and agrees with the Lenders that:

SECTION 5.01. FINANCIAL STATEMENTS AND OTHER INFORMATION. The Company will furnish to the Administrative Agent:

(a) within 90 days after the end of each fiscal year of the Company, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Company and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Company certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto;

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

(e) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Company
or any of its subsidiaries, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

Reports required to be delivered pursuant to subsections (a), (b) and (d) of this Section 5.01 shall be deemed to have been delivered on the date on which the Company posts such reports on the Company's website on the Internet at the website address listed on the signature pages hereof or when such report is posted on the SEC's website at www.sec.gov; PROVIDED that the Company shall deliver paper copies of the reports referred to in subsection (a), (b) and (d) of this Section 5.01 to the Administrative Agent or any Lender who requests the Company to deliver such paper copies until written notice to cease delivering paper copies is given by the Administrative Agent or such Lender. The Administrative Agent shall promptly make available to each Lender a copy of the certificate to be delivered pursuant to subsection (c) of this Section 5.01 by posting such certificate on IntraLinks or by other similar means.

SECTION 5.02. NOTICES OF MATERIAL EVENTS. The Company will furnish to the Administrative Agent and each Lender prompt written notice (in any case within 5 Business Days) of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Company or any Subsidiary that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect; and

(c) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Company setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. EXISTENCE; CONDUCT OF BUSINESS. The Company will, and will cause each other Borrower to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; PROVIDED that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. PAYMENT OF TAXES. The Company will, and will cause each Material Subsidiary to, pay its Tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate
proceedings, (b) the Company or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. MAINTENANCE OF PROPERTIES. The Company will, and will cause each Material Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.06. BOOKS AND RECORDS; INSPECTION RIGHTS. The Company will keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Company will permit any representatives designated by the Administrative Agent, or by any Lender through the Administrative Agent, at reasonable times and upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers.

SECTION 5.07. COMPLIANCE WITH LAWS. The Company will, and will cause each Material Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, but not limited to, ERISA and environmental laws), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.08. USE OF PROCEEDS. The proceeds of the Loans will be used only for general corporate purposes. No part of the proceeds of any Loan will be used, whether directly or indirectly, to purchase or carry Margin Stock (as defined in Regulation U of the Board) or to refinance Indebtedness originally incurred for such purpose, or in any manner or for any purpose that will result in a violation of Regulation U or X of the Board.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees and other amounts payable hereunder have been paid in full, the Company and each other Borrower covenants and agrees with the Lenders that:

SECTION 6.01. LIENS. The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect thereof, except:

(a) Permitted Encumbrances;
(b) any Lien on any property or asset of the Company or any Subsidiary existing on the date hereof and set forth in Schedule 6.01; PROVIDED that (i) such Lien shall not apply to any other property or asset of any of the Borrowers or any of their Subsidiaries and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Company or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; PROVIDED that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of any of the Company or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on fixed or capital assets acquired, constructed or improved by the Company or any Subsidiary; PROVIDED that (i) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (ii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets and (iii) such security interests shall not apply to any other property or assets of the Company or any Subsidiary;

(e) Liens on securities deemed to exist under repurchase agreements and reverse repurchase agreements entered into by the Company and the Subsidiaries; and

(f) other Liens not expressly permitted by clauses (a) through (d) above; PROVIDED that the sum of (i) the aggregate principal amount of outstanding obligations secured by Liens permitted under this clause and (ii) the Attributable Debt permitted by Section 6.02(b) does not at any time exceed 25% of Consolidated Net Worth.

SECTION 6.02. SALE AND LEASEBACK TRANSACTIONS. The Company will not, and will not permit any of its Subsidiaries to, enter into any Sale and Leaseback Transaction except:

(a) Sale and Leaseback Transactions to which the Borrower or any Subsidiary is a party as of the date hereof; and


(b) other Sale and Leaseback Transactions; PROVIDED that the sum of (i) the aggregate principal amount of outstanding obligations secured by Liens permitted by Section 6.01(f) and (ii) the aggregate Attributable Debt in respect of Sale and Leaseback Transactions permitted by this clause (b) does not at any time exceed 25% of Consolidated Net Worth.

SECTION 6.03. FUNDAMENTAL CHANGES. Neither the Company nor any other Borrower will merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions and including by means of any merger or sale of capital stock or otherwise) all or substantially all of its assets (whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing or would result from such transaction, the Company or any Borrower may merge or consolidate with any Person if (a) the Company or such Borrower, as the case may be, is the surviving Person or (b) the surviving Person (i) is organized under the laws of The United States of America or, in the case of a merger or consolidation of a Borrower other than the Company, the jurisdiction of organization of such Borrower, and (ii) assumes in writing all of the Company's or such Borrower's obligations under this Agreement pursuant to documentation reasonably satisfactory to the Administrative Agent, such satisfaction to be based solely upon the validity and enforceability of the assumption contained in such documentation.

ARTICLE VII

EVENTS OF DEFAULT

If any of the following events ("EVENTS OF DEFAULT") shall occur:

(a) the Company or any other Borrower shall fail to pay 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 otherwise;

(b) the Company or any other Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Company or any Borrower in or in connection with this Agreement or any amendment or modification hereof or waiver hereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any amendment or modification hereof or
(d) the Company or any Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the Company's or such Borrower's existence) or 5.08 or in Article VI;

(e) the Company or any Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or any Lender to the Company;

(f) the Company or any Subsidiary shall default in the payment of any Material Indebtedness when and as due, or any event or condition shall occur that results in any Material Indebtedness becoming due prior to its scheduled maturity; PROVIDED, that if the maturity of any Material Indebtedness of a Person acquired directly or indirectly by the Company after the date hereof shall be accelerated by reason of such acquisition, no Event of Default under this paragraph (f) shall be deemed to have occurred with respect to such Material Indebtedness so long as such acceleration shall have been rescinded, or such Material Indebtedness shall have been repaid, within five Business Days following the date of such acceleration;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Company or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Material Subsidiary or for a substantial part of its assets, and, in any such case, 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 Company or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Material Subsidiary or for a substantial part of its assets, (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 or (vi) take any action for the purpose of effecting any of the foregoing; or

(i) the Company or any Material Subsidiary shall become unable, admit in writing its inability, or fail generally, to pay its debts as they become due;

then, and in every such event (other than an event with respect to any Borrower described in clause (g) or (h) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal or other amount not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; and in case of any event with respect to any of the Borrowers described in clause (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

In order to expedite the transactions contemplated by this Agreement, the Person named in the heading of this Agreement is hereby appointed to act as Administrative Agent on behalf of the Lenders. Each of the Lenders and each assignee of any Lender hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender or assignee and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders, without hereby limiting any implied authority, and by the Borrowers with respect to clause (c) below, (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 Company of any Event of Default specified in this Agreement of which the 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 Company or any other Borrower pursuant to this Agreement or the other Loan Documents as received by the Administrative Agent.

With respect to the Loans made by it hereunder, the 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 the Administrative Agent, and the Administrative and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any of the Borrowers or any of their Subsidiaries or other Affiliates thereof as if it were not the Administrative Agent.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise upon receipt of notice in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and the Administrative Agent shall not be liable for the failure to disclose, any information relating to any of the Borrowers or any of their Subsidiaries that is communicated to or obtained by the institution serving as the Administrative or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall not be deemed to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by a Borrower (in which case the Administrative Agent shall give written notice to each other Lender), and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

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

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

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Company, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender agrees (a) to reimburse the Administrative Agent, on demand, in the amount of its pro rata share (based on the amount of its Loans and available Commitments hereunder) of any expenses incurred for the benefit of the Lenders by the Administrative Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, that shall not have been reimbursed by the Company or any other Borrower and (b) to indemnify and hold harmless the Administrative Agent and any of its Related Parties, 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 that may be imposed on, incurred by or asserted against it in its capacity as Administrative Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Company or any other Borrower; PROVIDED that no Lender shall be liable to the Administrative Agent or any such other indemnified Person for any portion of such liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are determined to have resulted from the gross negligence or willful misconduct of the Administrative Agent, and any of its Related Parties or any of their respective directors, officers, employees or agents.

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

None of the Lenders identified on the facing page or signature pages of this Agreement or elsewhere herein as a "co-syndication agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such.

ARTICLE IX
GUARANTEE

In order to induce the Lenders to extend credit to the other Borrowers hereunder, the Company hereby irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the payment when and as due of the Obligations of such other Borrowers. The Company further agrees that the due and punctual payment of such Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any such Obligation.

The Company waives presentment to, demand of payment from and protest to any Borrower of any of the Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of the Company hereunder shall not be affected by (a) the failure of the Administrative Agent or Lender to assert any claim or demand or to enforce any right or remedy against any Borrower under the provisions of this Agreement, any other Loan Document or otherwise; (b) any extension or renewal of any of the Obligations; (c) any rescission, waiver, amendment or
modification of, or release from, any of the terms or provisions of this Agreement, or any other Loan Document or agreement; (d) any default, failure or delay, willful or otherwise, in the performance of any of the Obligations; or (e) any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of the Company or otherwise operate as a discharge of a guarantor as a matter of law or equity or which would impair or eliminate any right of the Company to subrogation.

The Company further agrees that its agreement hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or collection of any of the Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by the Administrative Agent or Lender to any balance of any deposit account or credit on the books of the Administrative Agent or Lender in favor of any Borrower or any other Person.

The obligations of the Company hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of any of the Obligations, any impossibility in the performance of any of the Obligations or otherwise.

The Company further agrees that its obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent or Lender upon the bankruptcy or reorganization of any Borrower or otherwise.

In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent or Lender may have at law or in equity against the Company by virtue hereof, upon the failure of any other Borrower to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Company hereby promises to and will, upon receipt of written demand by the Administrative Agent or Lender, forthwith pay, or cause to be paid, to the Administrative Agent or Lender in cash an amount equal to the unpaid principal amount of such Obligations then due, together with accrued and unpaid interest thereon.

Upon payment by the Company of any sums as provided above, all rights of the Company against any Borrower arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full of all the Obligations owed by such Borrower to the Administrative Agent and the Lenders.

Nothing shall discharge or satisfy the liability of the Company hereunder except the full performance and payment of the Obligations.
ARTICLE X

MISCELLANEOUS

SECTION 10.01. NOTICES. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to any Borrower, to Automatic Data Processing, Inc., One ADP Boulevard, MS #420, Roseland, NJ 07068-1728, Attention of Treasurer (Telecopy No. 973-974-3320), with a copy to Automatic Data Processing, Inc., One ADP Boulevard, MS #450, Roseland, NJ 07068-1728, Attention of General Counsel (Telecopy No. 973-974-3324);

(b) if to the Administrative Agent, to JPMorgan Chase Bank, Loan and Agency Services Group, 1111 Fannin, Floor 10, Houston, TX 77002, Attention of Maria Giannavola (Telecopy No. 713-750-2878), with a copy to JPMorgan Chase Bank, 270 Park Avenue, New York, NY 10019, Attention of Tracey Ewing (Telecopy No. 212-270-4584); and

(c) if to any Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto or in the case of a Lender, to the Administrative Agent and the Borrowers. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.02. WAIVERS; AMENDMENTS. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default,
regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Company and the Required Lenders or by the Company and the Administrative Agent with the consent of the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Borrowers that are parties thereto, in each case with the consent of the Required Lenders; PROVIDED that no such agreement shall (i) increase any Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan, reduce the rate of interest thereon, or reduce any fees payable thereunder, without the written consent of each Lender adversely affected thereby, (iii) postpone the date of any scheduled payment of the principal amount of any Loan, or any interest thereon, or any fees payable thereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby (provided that nothing shall limit the right of each Borrower to extend the Maturity Date pursuant to Section 2.08(f) without the consent of any Lender), (iv) change Section 2.18 (b) or (c) in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender (it being understood that the addition of new tranches of loans or commitments that may be extended under this Agreement shall not be deemed to alter such pro rata sharing of payments), (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (except, in each case, to provide for new tranches of loans or commitments that may be extended under this Agreement) or (vi) release the Company from, or limit or condition, its obligations under Article IX, without the written consent of each Lender; PROVIDED FURTHER that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative hereunder or under any other Loan Document without the prior written consent of the Administrative Agent.

SECTION 10.03. EXPENSES; INDEMNITY; DAMAGE WAIVER. (a) The Company shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent and such Affiliates, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the reasonable fees, charges and disbursements of any counsel for the
Administrative Agent or any Lender, in connection with the enforcement or protection of its rights under any Loan Document, including its rights under this Section, or in connection with the Loans made, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Company shall indemnify the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, liabilities, out-of-pocket costs or expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) any transaction or proposed transaction (whether or not consummated) in which any proceeds of any Borrowing hereunder are applied or proposed to be applied, directly or indirectly, by any of the Borrowers or their Subsidiaries, (ii) any Loan or the use of the proceeds therefrom or (iii) the execution, delivery or performance by any of the Borrowers and their Subsidiaries of the Loan Documents, or any actions or omissions of a Borrower or any of its Subsidiaries in connection therewith; PROVIDED that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, liabilities, costs or expenses shall have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Company fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; PROVIDED that the unreimbursed loss, liability, cost or expense, as the case may be, was incurred by or asserted against the Administrative Agent. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum (without duplication) of the total Exposures and unused Commitments at the time.

(d) To the extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable within 15 Business Days after receipt by the Company of a reasonably detailed invoice therefor.

SECTION 10.04. SUCCESSORS AND ASSIGNS. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Company nor any Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or
transfer by any Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans or other amounts at the time owing to it); PROVIDED that (i) (A) except in the case of an assignment to a Lender, an Affiliate of a Lender or a Related Fund of any Lender, the Company (so long as no Event of Default has occurred and has been continuing for 30 days) and (B) the Administrative Agent must give their prior written consent to such assignment (which consents referred to in (A) and (B) shall not be unreasonably withheld or delayed), (ii) except in the case of an assignment to a Lender, an Affiliate of a Lender or a Related Fund of any Lender or an assignment of the entire remaining amount of the assigning Lender's Commitments and outstanding Loans, the US Dollar Equivalent of the Commitments and outstanding Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than US$10,000,000 unless each of the Company and the Administrative Agent otherwise consent, (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of US$3,500 and (iv) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and provided further that any consent of the Company otherwise required under this paragraph shall not be required if an Event of Default referred to in clause (i) of Article VII has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance 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 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 of the 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 2.15, 2.16, 2.17 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

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

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been made in compliance with this Agreement as provided in this paragraph.

(e) Any Lender may, without the consent of any Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); PROVIDED 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 and (iii) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; PROVIDED that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i), (ii), (iii) or (vi) of the first proviso to Section 10.02(b) that affects such Participant. Subject to paragraph (f) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant so provides and is made with the Company's prior written consent. A Participant shall not be entitled to the benefits of Section 2.17 unless
the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or, in the case of a Lender that is an investment fund, to the trustee under the indenture to which such fund is a party, and this Section shall not apply to any such pledge or assignment of a security interest; PROVIDED that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.05. SURVIVAL. All covenants, agreements, representations and warranties made by the Borrowers herein or in any other Loan Document or in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto or thereto and shall survive the execution and delivery of this Agreement and any other Loan Document and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, 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 or any other Loan Document is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17, 10.03 and 10.12 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans and the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 10.06. COUNTERPARTS; INTEGRATION; EFFECTIVENESS. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this
Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.07. SEVERABILITY. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.08. RIGHT OF SETOFF. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower against any of and all the obligations of such 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. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.09. GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

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

(c) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in
paragraph (b) of this Section. 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.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. 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 ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. 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 shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. CONFIDENTIALITY. The Administrative Agent and each Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors, to Related Funds' directors and officers and to any direct or indirect contractual counterparty in swap agreements (it being understood that each Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) to the extent required or advisable in the judgment of counsel in connection with any suit, action or proceeding relating to the enforcement of rights of the Administrative Agent or the Lenders against the Borrowers under this Agreement or any other Loan Document, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its
rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Company or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section of which the Administrative Agent or Lender is aware or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Company other than as a result of a breach of this Section of which the Administrative Agent or Lender is aware. For the purposes of this Section, "Information" means all information received from the Company relating to the Company or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Company other than as a result of a breach of this Section of which the Administrative Agent or Lender is aware. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13. CONVERSION OF CURRENCIES. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of each Borrower in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the "Applicable Creditor") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum is stated to be due hereunder (the "Agreement Currency"), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrowers contained in this Section 10.13 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

SECTION 10.14. INTEREST RATE LIMITATION. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under
applicable law (collectively the "CHARGES"), shall exceed the maximum lawful rate (the "MAXIMUM RATE") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate shall have been received by such Lender.

SECTION 10.15. USA PATRIOT ACT. Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "ACT"), it is required to obtain, verify and record information that identifies such Borrower, which information includes the name and address of such Borrower and other information that will allow such Lender to identify such Borrower in accordance with the Act.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

AUTOMATIC DATA PROCESSING, INC.,

by /s/ Raymond Colotti

Name: Raymond Colotti
Title: Corporate VP and Treasurer
JPMORGAN CHASE BANK,
individually and as Administrative Agent,

by /s/ Tracey Navin Ewing
------------------------------
Name:  Tracey Navin Ewing
Title:  Vice President
(1) The second signature block is for the use of those Lenders that require two signatures.
Name of Institution:
BANK OF AMERICA, N.A.

by /s/ Bryan A. Smith
------------------------------
Name:  Bryan A. Smith
Title: Vice President

Name of Institution:
BANK OF MONTREAL

by /s/ Joseph W. Linder
------------------------------
Name:  Joseph W. Linder
Title: Vice President

Name of Institution:
BARCLAYS BANK PLC

by /s/ John Giannone
------------------------------
Name:  John Giannone
Title: Director
(1) The second signature block is for the use of those Lenders that require two signatures.
(1) The second signature block is for the use of those Lenders that require two signatures.
Name of Institution:

THE NORTHERN TRUST COMPANY

by /s/ Chris McKeon
------------------------------
Name: Chris McKeen
Title: Vice President

Name of Institution:

PNC BANK, NATIONAL ASSOCIATION

by /s/ Michael Nardo
-------------------------------
Name: Michael Nardo
Title: Managing Director

Name of Institution:

ROYAL BANK OF CANADA

by /s/ Suzanne Kaicher
-------------------------------
Name: Suzanne Kaicher
Title: Attorney-in-Fact
Name of Institution:

SAN PAOLO IMI S.p.A.

by /s/ Carlo Persico

Name: Carlo Persico
Title: C.E.O.L for the Americas

by (1) /s/ Luca Sacchi

Name: Luca Sacchi
Title: Vice President

Name of Institution:

SOCIETE GENERALE

by /s/ Ambrish D. Thanawala

Name: Ambrish D. Thanawala
Title: Director

Name of Institution:

SUN TRUST BANK

by /s/ Jack Mackmull

Name: Jack Mackmull
Title: Director

(1) The second signature block is for the use of those Lenders that require two signatures.
Name of Institution:

UNION BANK OF CALIFORNIA, N.A.

by /s/ Clifford F. Cho

Name: Clifford F. Cho
Title: Assistant Vice President

Name of Institution:

US BANK NATIONAL ASSOCIATION

by /s/ Gregory L. Dryden

Name: Gregory L. Dryden
Title: Senior Vice President

Name of Institution:

WACHOVIA BANK, NATIONAL ASSOCIATION

by /s/ Karin E. Samuel

Name: Karin E. Samuel
Title: Vice President

Name of Institution:

WELLS FARGO BANK, N.A.

by /s/ Peter M. Angelica

Name: Peter M. Angelica
Title: Vice President
US$2,250,000,000

FIVE-YEAR CREDIT AGREEMENT

dated as of

June 30, 2004

among

AUTOMATIC DATA PROCESSING, INC.

The Borrowing Subsidiaries
referred to herein

The LENDERS Party Hereto

JPMORGAN CHASE BANK,
as Administrative Agent

J.P. MORGAN EUROPE LIMITED,
as London Agent

JPMORGAN CHASE BANK, TORONTO BRANCH,
as Canadian Agent

The SWINGLINE LENDERS

BANK OF AMERICA, N.A.
Barclays Bank PLC
BNP Paribas
CITIBANK, N.A.
DEUTSCHE BANK SECURITIES INC. and
WACHOVIA NATIONAL ASSOCIATION,
as Co-Syndication Agents

J.P. MORGAN SECURITIES INC., and
BANC OF AMERICA SECURITIES LLC,
as Co-Lead Arrangers and Joint Bookrunners

[CS&M 6701-136]
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Exhibit B -- Form of Assignment and Acceptance
Exhibit C -- Form of Opinion of General Counsel of the Company
Exhibit D -- Form of Promissory Note
FIVE-YEAR CREDIT AGREEMENT dated as of June 30, 2004 (this "Agreement"), among AUTOMATIC DATA PROCESSING, INC., a Delaware corporation (the "Company"); the BORROWING SUBSIDIARIES from time to time party hereto (the Company and the Borrowing Subsidiaries being collectively called the "Borrowers"); the LENDERS from time to time party hereto; JPMORGAN CHASE BANK, as Administrative Agent; J.P. MORGAN EUROPE LIMITED, as London Agent; JPMORGAN CHASE BANK, TORONTO BRANCH, as Canadian Agent; and the SWINGLINE LENDERS.

The Company has requested the Lenders (such term and each other capitalized term used and not otherwise defined herein having the meaning assigned to it in Article I) to extend credit in the form of (a) US Tranche Commitments under which the Company and the US Borrowing Subsidiaries may obtain US Tranche Loans in US Dollars in an aggregate principal amount at any time outstanding that will not result in the US Tranche Exposure exceeding US$1,572,985,687, (b) Canadian Tranche Commitments under which the Canadian Borrowing Subsidiaries may obtain Canadian Tranche Loans in Canadian Dollars, and the Company and the US Borrowing Subsidiaries may obtain Canadian Tranche Loans in US Dollars, in an aggregate principal amount at any time outstanding that will not result in the Canadian Tranche Exposure exceeding US$371,664,313, (c) Euro Tranche Commitments under which the Company, the US Borrowing Subsidiaries and the Euro Borrowing Subsidiaries may obtain Euro Tranche Loans in Euros and US Dollars in an aggregate principal amount at any time outstanding that will not result in the Euro Tranche Exposure exceeding US$305,350,000 and (d) Swingline Loans to the Company and the US Borrowing Subsidiaries in US Dollars, and to the Canadian Borrowing Subsidiaries in Canadian Dollars, in an aggregate amount at any time outstanding that will not result in the aggregate US Dollar Equivalent of the Swingline Exposures exceeding US$1,000,000,000 or the Canadian Swingline Exposures exceeding US$148,665,726. The Company has also requested the Lenders to provide (a) a procedure pursuant to which the Borrowers may invite the Lenders to bid on an uncommitted basis on short-term Loans to the Borrowers and (b) a procedure under which the Borrowers may obtain Loans on an uncommitted basis from individual Lenders on terms to be negotiated at the time such Loans are requested. The proceeds of borrowings hereunder are to be used for general corporate purposes of the Borrowers and their subsidiaries.
The Lenders are willing to establish the credit facilities referred to in the preceding paragraph upon the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. DEFINED TERMS. As used in this Agreement, the following terms have the meanings specified below:

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

"ADMINISTRATIVE AGENT" means JPMorgan Chase Bank, in its capacity as administrative agent for the Lenders hereunder or any successor in such capacity.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"AFFILIATE" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"AGENTS" means, collectively, the Administrative Agent, the London Agent and the Canadian Agent.

"AGREEMENT CURRENCY" has the meaning assigned to such term in Section 10.13(b).

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

"APPLICABLE AGENT" means (a) with respect to a Loan or Borrowing denominated in US Dollars, and with respect to any payment hereunder that does not relate to a particular Loan or Borrowing, the Administrative Agent, (b) with respect to a Borrowing denominated in Euros, the London Agent, and (c) with respect to a Borrowing denominated in Canadian Dollars or a B/A, the Canadian Agent.
"APPLICABLE RATE" means, for any day, with respect to any Eurocurrency Loan or B/A Drawing, or with respect to the facility fees payable hereunder, the applicable rate per annum set forth below under the caption "Eurocurrency Spread", "B/A Spread" or "Facility Fee Rate", based upon the Ratings:

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<tr>
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<td></td>
</tr>
<tr>
<td>to A3 or A-</td>
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<tr>
<td>CATEGORY 3</td>
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<tr>
<td>Less than A3 or A-</td>
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| For purposes of the foregoing, (a) if either Moody's or S&P shall not have in effect Ratings (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; (b) if the Ratings established or deemed to have been established by Moody's and S&P shall fall within different Categories, the Applicable Rate shall be based on the higher of the two ratings unless the ratings differ by two or more Categories, in which case Eurocurrency, B/A Spread and the Facility Fees shall be based on the Category one level above that corresponding to the lower rating; and (c) if the Ratings established or deemed to have been established by Moody's and S&P shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first publicly announced by Moody's or S&P. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Company and the Required Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

"ASSIGNMENT AND ACCEPTANCE" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit B or any other form approved by the Administrative Agent.
"ATTRIBUTABLE DEBT" means, with respect to any Sale and Leaseback Transaction, the present value (discounted at the rate set forth or implicit in the terms of the lease included in such Sale and Leaseback Transaction) of the total obligations of the lessee for rental payments (other than amounts required to be paid on account of taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items which do not constitute payments for property rights) during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been extended). In the case of any lease which is terminable by the lessee upon payment of a penalty, the Attributable Debt shall be the lesser of the Attributable Debt determined assuming termination upon the first date such lease may be terminated (in which case the Attributable Debt shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated) or the Attributable Debt determined assuming no such termination.

"AVAILABILITY PERIOD" means the period from and including the Effective Date to but excluding the Maturity Date.

"B/A" means a bill of exchange, including a depository bill issued in accordance with the Depository Bills and Notes Act (Canada), denominated in Canadian Dollars, drawn by a Canadian Borrowing Subsidiary and accepted by a Canadian Tranche Lender in accordance with the terms of this Agreement.

"B/A DRAWING" means B/As accepted and purchased on the same date and as to which a single Contract Period is in effect.

"BOARD" means the Board of Governors of the Federal Reserve System of the United States of America.

"BORROWER" means the Company or any Borrowing Subsidiary.

"BORROWING" means Loans (including Competitive Loans or Contract Loans) of the same Class, Type and currency, made, converted or continued on the same date and, in the case of Eurocurrency Loans or Fixed Rate Loans, as to which a single Interest Period is in effect.

"BORROWING MINIMUM" means (a) in the case of a Borrowing denominated in US Dollars, US$5,000,000 and (b) in the case of a Borrowing denominated in any Designated Foreign Currency, 5,000,000 units of the applicable Designated Foreign Currency.

"BORROWING MULTIPLE" means (a) in the case of a Borrowing denominated in US Dollars, US$1,000,000 and (b) in the case of a Borrowing denominated in any Designated Foreign Currency, 1,000,000 units of such currency.
"BORROWING REQUEST" means a request by a Borrower for a Borrowing in accordance with Section 2.03.

"BORROWING SUBSIDIARY" means a US Borrowing Subsidiary, a Canadian Borrowing Subsidiary or a Euro Borrowing Subsidiary.

"BORROWING SUBSIDIARY AGREEMENT" means a Borrowing Subsidiary Agreement substantially in the form of Exhibit A-1.

"BORROWING SUBSIDIARY TERMINATION" means a Borrowing Subsidiary Termination substantially in the form of Exhibit A-2.

"BUSINESS DAY" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; PROVIDED, that (a) when used in connection with a Eurocurrency Loan, the term "BUSINESS DAY" shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank market, (b) when used in connection with a Loan denominated in Canadian Dollars or a B/A, the term "BUSINESS DAY" shall also exclude any day on which banks are not open for dealings in deposits in Toronto, and (c) when used in connection with a Loan denominated in Euros, the term "BUSINESS DAY" shall also exclude any days on which the TARGET payment system is not open for the settlement of payments in Euros.

"CALCULATION DATE" means the last Business Day of each calendar month.

"CANADIAN AGENT" means JPMorgan Chase Bank, Toronto Branch, or any successor in such capacity.

"CANADIAN BASE RATE" means, for any day, the rate of interest per annum (rounded upwards, if necessary, to the next 1/16 or 1%) equal to the greater of (a) the interest rate per annum publicly announced from time to time by JPMorgan Chase Bank, Toronto Branch as its reference rate in effect on such day at its principal office in Toronto for determining interest rates applicable to commercial loans denominated in Canadian Dollars in Canada (each change in such reference rate being effective from and including the date such change is publicly announced as being effective) and (b) the interest rate per annum equal to the sum of (i) the CDOR Rate on such day (or, if such rate is not so reported on the Reuters Screen CDOR Page, the average of the rate quotes for bankers’ acceptances denominated in Canadian Dollars with a term of 30 days received by the Canadian Agent at approximately 10:00 a.m., Toronto time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) from one or more banks of recognized standing selected it) and (ii) 0.50% per annum.

"CANADIAN BORROWING SUBSIDIARY" means any Canadian Subsidiary that has been designated as such pursuant to Section 2.20 and that has not ceased to be a Canadian Borrowing Subsidiary as provided in such Section.
"CANADIAN DOLLARS" or "C$" means the lawful money of Canada.

"CANADIAN SUBSIDIARY" means any Subsidiary that is incorporated or otherwise organized under the laws of Canada or any province thereof.

"CANADIAN SWINGLINE COMMITMENT" means, with respect to each Canadian Swingline Lender, the commitment of such Canadian Swingline Lender to make Canadian Swingline Loans pursuant to Section 2.06, expressed as an amount representing the maximum aggregate amount of such Canadian Swingline Lender's outstanding Canadian Swingline Loans hereunder, as such commitment may be reduced from time to time pursuant to Section 2.10. The initial amount of each Canadian Swingline Lender's Canadian Swingline Commitment is set forth on Schedule 2.01. The aggregate amount of the Canadian Swingline Commitments on the date hereof is US$148,665,726.

"CANADIAN SWINGLINE EXPOSURE" means, at any time, the sum of the Canadian Swingline Loans outstanding at such time. The Canadian Swingline Exposure of any Lender at any time shall be such Lender's Canadian Swingline Percentage of the total Canadian Swingline Exposure at such time.

"CANADIAN SWINGLINE LENDERS" means JPMorgan Chase Bank, Toronto Branch and Royal Bank of Canada.

"CANADIAN SWINGLINE LOAN" means a Loan made by a Canadian Swingline Lender under its Canadian Swingline Commitment pursuant to Section 2.06.

"CANADIAN SWINGLINE PERCENTAGE" means, with respect to any Canadian Swingline Lender, the percentage of the total Canadian Swingline Commitments represented by such Lender's Canadian Swingline Commitment. If the Canadian Swingline Commitments have terminated or expired, the Canadian Swingline Percentages shall be determined based upon the Canadian Swingline Commitments most recently in effect, giving effect to any assignments.

"CANADIAN TRANCHE COMMITMENT" means, with respect to each Canadian Tranche Lender, the commitment of such Canadian Tranche Lender to make Canadian Tranche Loans pursuant to Section 2.01(b), to accept and purchase or arrange for the purchase of B/As pursuant to Section 2.04 and to acquire participations in Canadian Swingline Loans pursuant to Section 2.06, expressed as an amount representing the maximum aggregate amount of such Canadian Tranche Lender's Canadian Tranche Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.10 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Canadian Tranche Lender's Canadian Tranche Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Canadian Tranche Lender shall have assumed its Canadian Tranche Commitment, as applicable. The aggregate amount of the Canadian Tranche Commitments on the date hereof is US$371,664,313.
"CANADIAN TRANCHE EXPOSURE" means, at any time, the sum of (a) the aggregate principal amount of the Canadian Tranche Loans denominated in US Dollars outstanding at such time, (b) the US Dollar Equivalent of the aggregate principal amount of the Canadian Tranche Loans denominated in Canadian Dollars outstanding at such time, (c) the US Dollar Equivalent of the aggregate face amount of the B/As accepted by the Canadian Lenders and outstanding at such time and (d) the US Dollar Equivalent of the Canadian Swingline Exposure at such time. The Canadian Tranche Exposure of any Lender at any time shall be such Lender's Canadian Tranche Percentage of the total Canadian Tranche Exposure at such time.

"CANADIAN TRANCHE LENDER" mean a Lender with a Canadian Tranche Commitment.

"CANADIAN TRANCHE PERCENTAGE" means, with respect to any Canadian Tranche Lender, the percentage of the total Canadian Tranche Commitments represented by such Lender's Canadian Tranche Commitment. If the Canadian Tranche Commitments have terminated or expired, the Canadian Tranche Percentages shall be determined based upon the Canadian Tranche Commitments most recently in effect, giving effect to any assignments.

"CANADIAN TRANCHE BORROWING" means a borrowing comprised of Canadian Tranche Loans.

"CANADIAN TRANCHE LOAN" means a Loan made by a Canadian Tranche Lender pursuant to Section 2.01(b). Each Canadian Tranche Loan denominated in US Dollars shall be a Eurocurrency Loan or an ABR Loan, and each Canadian Tranche Loan denominated in Canadian Dollars shall be a Eurocurrency Loan or a Canadian Base Rate Loan.

"CDOR RATE" means, on any date, an interest rate per annum equal to the average discount rate applicable to bankers' acceptances denominated in Canadian Dollars with a term of 30 days (for purposes of the definition of "Canadian Base Rate") or with a term equal to the Contract Period of the relevant B/As (for purposes of the definition of "Discount Rate") appearing on the Reuters Screen CDOR Page (or on any successor or substitute page of such Screen, or any successor to or substitute for such Screen, providing rate quotations comparable to those currently provided on such page of such Screen, as determined by the Canadian Agent from time to time) at approximately 10:00 a.m., Toronto time, on such date (or, if such date is not a Business Day, on the next preceding Business Day).

"CAPITAL LEASE OBLIGATIONS" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such
Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"CHANGE IN LAW" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or by any lending office of such Lender or by such Lender's holding company with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"CLASS", when used in reference to (a) any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are US Tranche Loans, Euro Tranche Loans, Canadian Tranche Loans, Competitive Loans, Contract Loans or Swingline Loans, and (b) any Commitment, refers to whether such Commitment is a US Tranche Commitment, a Euro Tranche Commitment or a Canadian Tranche Commitment.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"COMMITMENT" means a US Tranche Commitment, a Euro Tranche Commitment or a Canadian Tranche Commitment.

"COMPANY" has the meaning assigned to such term in the heading of this Agreement.

"COMPETITIVE BID" means an offer by a Lender to make a Competitive Loan in accordance with Section 2.05.

"COMPETITIVE BID RATE" means, with respect to any Competitive Bid, the Margin or the Fixed Rate, as applicable, offered by the Lender making such Competitive Bid.

"COMPETITIVE BID REQUEST" means a request for Competitive Bids in accordance with Section 2.05.

"COMPETITIVE BORROWING" means a Borrowing comprised of Competitive Loans.

"COMPETITIVE LOAN" means a Loan made pursuant to Section 2.05. Each Competitive Loan shall be a Eurocurrency Loan or a Fixed Rate Loan.

"COMPETITIVE LOAN EXPOSURE" means, with respect to any Lender at any time, the sum of (a) the aggregate principal amount of the outstanding Competitive Loans
of such Lender denominated in US Dollars and (b) the aggregate of the US Dollar Equivalents of the principal amounts of the outstanding Competitive Loans of such Lender denominated in Designated Foreign Currencies.

"CONSOLIDATED NET WORTH" means the shareholders' equity of the Company, determined on a consolidated basis in accordance with GAAP.

"CONTRACT LOAN" has the meaning assigned to such term in Section 2.02(e).

"CONTRACT LOAN EXPOSURE" means, with respect to any Lender at any time, the sum of (a) the aggregate principal amount of the outstanding Contract Loans of such Lender denominated in US Dollars and (b) the aggregate of the US Dollar Equivalents of the principal amounts of the outstanding Contract Loans of such Lender denominated in Designated Foreign Currencies.

"CONTRACT PERIOD" means, with respect to any B/A, the period commencing on the date such B/A is issued and accepted and ending on the date 30, 60, 90 or 180 days thereafter, as the applicable Canadian Borrowing Subsidiary may elect (in each case subject to availability); PROVIDED, that if such Contract Period would end on a day other than a Business Day, such Contract Period shall be extended to the next succeeding Business Day.

"CONTROL" means 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 ability to exercise voting power, by contract or otherwise. "CONTROLLING" and "CONTROLLED" have meanings correlative thereto.

"DEFAULT" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"DESIGNATED FOREIGN CURRENCY" means the Canadian Dollar and the Euro.

"DISCOUNT PROCEEDS" means, with respect to any B/A, an amount (rounded upward, if necessary, to the nearest C$.01) calculated by multiplying (a) the face amount of such B/A by (b) the quotient obtained by dividing (i) one by (ii) the sum of (A) one and (B) the product of (x) the Discount Rate (expressed as a decimal) applicable to such B/A and (y) a fraction of which the numerator is the Contract Period applicable to such B/A and the denominator is 365, with such quotient being rounded upward or downward to the fifth decimal place and .000005 being rounded upward.

"DISCOUNT RATE" means, with respect to a B/A being accepted and purchased on any day, (a) for a Lender which is a Schedule I Lender, (i) the CDOR Rate applicable to such B/A or, (ii) if the discount rate for a particular Contract Period is not quoted on the Reuters Screen CDOR Page, the arithmetic average (as determined by the
Canadian Agent) of the percentage discount rates (expressed as a decimal and rounded upward, if necessary, to the nearest 1/100 of 1%) quoted to the Canadian Agent by the Schedule I Reference Lenders as the percentage discount rate at which each such bank would, in accordance with its normal practices, at approximately 10:00 a.m., Toronto time, on such day, be prepared to purchase bankers' acceptances accepted by such bank having a face amount and term comparable to the face amount and Contract Period of such B/A, and (b) for a lender which is a Schedule II Lender or a Schedule III Lender, the arithmetic average (as determined by the Canadian Agent) of the percentage discount rates (expressed as a decimal and rounded upward, if necessary, to the nearest 1/100 of 1%) quoted to the Canadian Agent by the Schedule II Reference Lenders as the percentage discount rate at which each such bank would, in accordance with its normal practices, at approximately 10:00 a.m., Toronto time, on such day, be prepared to purchase bankers' acceptances accepted by such bank having a face amount and term comparable to the face amount and Contract Period of such B/A.

"EFFECTIVE DATE" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

"EMU LEGISLATION" means the legislative measures of the European Union for the introduction of, changeover to or operation of the Euro in one or more member states.

"ENVIRONMENTAL LAWS" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"ENVIRONMENTAL LIABILITY" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any of the Borrowers or any of their Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.
"ERISA EVENT" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Company or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Company or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EURO" or "(EURO)" means the single currency of the European Union as constituted by the Treaty on European Union and as referred to in the EMU Legislation.

"EURO BORROWING SUBSIDIARY" means any Subsidiary that has been designated as such pursuant to Section 2.20 and that has not ceased to be a Euro Borrowing Subsidiary as provided in such Section.

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

"EURO TRANCHE COMMITMENT" means, with respect to each Euro Tranche Lender, the commitment of such Euro Tranche Lender to make Euro Tranche Loans pursuant to Section 2.01(c), expressed as an amount representing the maximum aggregate amount of such Euro Tranche Lender's Euro Tranche Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.10 or pursuant to assignments by or to such Lender under Section 10.04. The initial amount of each Euro Tranche Lender's Euro Tranche Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which Euro Tranche Lender shall have assumed its Euro Tranche Commitment, as applicable. The aggregate amount of the Euro Tranche Commitments on the date hereof is US$305,350,000.

"EURO TRANCHE EXPOSURE" means, at any time, the sum of (a) the aggregate principal amount of the Euro Tranche Loans denominated in US Dollars outstanding at such time and (b) the US Dollar Equivalent of the aggregate principal amount of the Euro Tranche Loans denominated in Euros outstanding at such time. The Euro Tranche
Exposure of any Lender at any time shall be such Lender's Euro Tranche Percentage of the total Euro Tranche Exposure at such time.

"EURO TRANCHE LENDER" mean a Lender with a Euro Tranche Commitment.

"EURO TRANCHE PERCENTAGE" means, with respect to any Euro Tranche Lender, the percentage of the total Euro Tranche Commitments represented by such Lender's Euro Tranche Commitment. If the Euro Tranche Commitments have terminated or expired, the Euro Tranche Percentages shall be determined based upon the Euro Tranche Commitments most recently in effect, giving effect to any assignments.

"EURO TRANCHE BORROWING" means a Borrowing comprised of Euro Tranche Loans.

"EURO TRANCHE LOAN" means a Loan made by a Euro Tranche Lender pursuant to Section 2.01(c). Each Euro Tranche Loan shall be a Eurocurrency Loan.

"EVENT OF DEFAULT" has the meaning assigned to such term in Article VII.

"EXCHANGE RATE" means on any day, for purposes of determining the US Dollar Equivalent of any other currency, the rate at which such other currency may be exchanged into US Dollars, as set forth at approximately 11:00 a.m., London time, on such day on the Reuters World Currency Page for the applicable currency or currencies. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Company, or, in the absence of such agreement, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of the applicable currencies are then being conducted, at or about 10:00 a.m., local time, on such date for the purchase of US Dollars with such other currency for delivery two Business Days later; PROVIDED that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Company, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be presumed correct absent manifest error.

"EXCLUDED TAXES" means, with respect to any Agent, any Lender or any other recipient of any payment to be made by or on account of any Obligation hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America (or any political subdivision thereof), or by the jurisdiction under which such recipient is organized or in which its principal office or any lending office from which it makes Loans hereunder is located, (b) any branch profit taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above, (c) in the case of a US Tranche Lender or Euro Tranche Lender (other than an assignee pursuant to a request by the Company under Section
2.19(b)), any withholding tax that is imposed by the United States of America (or any political subdivision thereof) on payments by a Borrower from an office within such jurisdiction to the extent such tax is in effect and would apply as of the date such US Tranche Lender or Euro Tranche Lender becomes a party to this Agreement or relates to payments received by a new lending office designated by such US Tranche Lender or Euro Tranche Lender and is in effect and would apply at the time such lending office is designated, (d) in the case of a Canadian Tranche Lender (other than an assignee pursuant to a request by the Company under Section 2.19(b)), any withholding tax that is imposed (i) by Canada (or any province or other political subdivision therein) on payments by a Canadian Borrowing Subsidiary from an office within such jurisdiction or (ii) by the United States of America (or any political subdivision thereof) on payments by the Company from an office within such jurisdiction, in either case to the extent such tax is in effect and would apply as of the date such Canadian Tranche Lender becomes a party to this Agreement or relates to payments received by a new lending office designated by such Canadian Tranche Lender and is in effect and would apply at the time such lending office is designated, and (e) any withholding tax that is attributable to such Lender's failure to comply with Section 2.17(e), except, in the case of clause (c) or (d) above, to the extent that (i) such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts with respect to such withholding tax pursuant to Section 2.17 or (ii) such withholding tax shall have resulted from the making of any payment to a location other than the office designated by the Applicable Agent or such Lender for the receipt of payments of the applicable type.

"EXPOSURE" means, with respect to any Lender, such Lender's US Tranche Exposure, Canadian Tranche Exposure, Euro Tranche Exposure, Competitive Loan Exposure and Contract Loan Exposure.

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

"FINANCIAL OFFICER" means the chief financial officer, principal accounting officer, treasurer or controller of the Company.

"FIXED RATE" means, with respect to any Competitive Loan (other than a Eurocurrency Competitive Loan), the fixed rate of interest per annum specified by the Lender making such Competitive Loan in its related Competitive Bid.
"FIXED RATE LOAN" means a Competitive Loan bearing interest at a Fixed Rate.

"GAAP" means generally accepted accounting principles in the United States of America.

"GOVERNMENTAL AUTHORITY" means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government.

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

"HAZARDOUS MATERIALS" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"HEDGING AGREEMENT" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"INDEBTEDNESS" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) 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 Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"INDEMNIFIED TAXES" means Taxes other than Excluded Taxes.

"INTEREST ELECTION REQUEST" means a request by the relevant Borrower to convert or continue a Borrowing or a B/A Drawing in accordance with Section 2.09.

"INTEREST PAYMENT DATE" means (a) with respect to any ABR Loan or Canadian Base Rate Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, (c) with respect to any Fixed Rate Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Fixed Rate Borrowing with an Interest Period of more than 90 days' duration (unless otherwise specified in the applicable Competitive Bid Request), each day prior to the last day of such Interest Period that occurs at intervals of 90 days' duration after the first day of such Interest Period, and any other dates specified in the applicable Competitive Bid Request as Interest Payment Dates with respect to such Borrowing, (d) with respect to any Contract Loan, the date or dates agreed upon by the relevant Borrower and the applicable Lender or, if no such dates shall have been agreed upon, the last day of each March, June, September and December and (e) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"INTEREST PERIOD" means, (i) with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the relevant Borrower may elect, (ii) with respect to any Fixed Rate Borrowing, the period (which shall not be more than 360 days) commencing on the date of such Borrowing and ending on the date specified in the applicable Competitive Bid Request and (iii) with respect to any Contract Loan, the period commencing on the date of such Borrowing and ending on the date agreed upon by the relevant Borrower and the applicable Lender; PROVIDED that (i) if any Interest Period would end on a day other than a
Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made, and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"JPMCB" means JPMorgan Chase Bank and its successors.

"JUDGMENT CURRENCY" has the meaning assigned to such term in Section 10.13(b).

"LENDERS" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that shall have ceased to be a party hereto pursuant to an Assignment and Acceptance. Unless the context requires otherwise, the term "Lenders" shall include the Swingline Lenders.

"LIBO RATE" means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate per annum determined by the Applicable Agent at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period by reference to the British Bankers' Association Interest Settlement Rates for deposits in the currency of such Borrowing (as reflected on the applicable Telerate screen), for a period equal to such Interest Period; PROVIDED that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, "LIBO Rate" shall mean the interest rate per annum determined by the Applicable Agent to be the average of the rates per annum at which deposits in the currency of such Borrowing are offered for such Interest Period to major banks in the London interbank market by JPMCB at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period.

"LIEN" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"LOAN DOCUMENTS" means this Agreement, each Borrowing Subsidiary Agreement, each Borrowing Subsidiary Termination and each promissory note delivered pursuant to this Agreement.
"LOANS" means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

"LOCAL TIME" means (a) with respect to a Loan or Borrowing denominated in US Dollars, New York City time, (b) with respect to a Loan or Borrowing denominated in Euro, London time and (c) with respect to a Loan or Borrowing denominated in Canadian Dollars or a B/A, Toronto time.

"LONDON AGENT" means J.P. Morgan Europe Limited or any successor in such capacity.

"MARGIN" means, with respect to any Competitive Loan bearing interest at a rate based on the LIBO Rate, the marginal rate of interest, if any, to be added to or subtracted from the LIBO Rate to determine the rate of interest applicable to such Loan, as specified by the Lender making such Loan in its related Competitive Bid.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform any of its obligations under this Agreement or (c) the rights of or benefits available to the Lenders under this Agreement.

"MATERIAL INDEBTEDNESS" means Indebtedness (other than the Loans), or obligations in respect of one or more Hedging Agreements, of the Company and its Subsidiaries in an aggregate principal amount exceeding US$250,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Borrower or Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"MATERIAL SUBSIDIARY" means (a) any Subsidiary that is a Borrower, (b) any Subsidiary that directly or indirectly owns or Controls any Material Subsidiary and (c) any other Subsidiary (i) the revenues of which for the most recent period of four fiscal quarters of the Company for which audited financial statements have been delivered pursuant to Section 5.01 were greater than 10% of the Company's consolidated revenues for such period or (ii) the assets of which as of the end of such period were greater than 10% of the Company's consolidated assets as of such date; PROVIDED that if at any time the aggregate amount of the revenues or assets of all Subsidiaries that are not Material Subsidiaries for or at the end of any period of four fiscal quarters exceeds 10% of the Company's consolidated revenues for such period or 10% of the Company's consolidated assets as of the end of such period, the Company shall (or, in the event the Company has failed to do so within 10 days, the Administrative Agent may) designate sufficient Subsidiaries as "Material Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Material Subsidiaries.
For purposes of making the determinations required by this definition, revenues and assets of foreign Subsidiaries shall be converted into US Dollars at the rates used in preparing the consolidated balance sheet of the Company included in the applicable financial statements.

"MATURITY DATE" means June 30, 2009.

"MOODY'S" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"OBLIGATIONS" means the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans made to any Borrower, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Borrowers under this Agreement and the other Loan Documents.

"OTHER TAXES" means any and all present or future recording, stamp, documentary, excise, transfer, sales, property or similar taxes, charges or levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"PERMITTED ENCUMBRANCES" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in good faith;
(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of any of the Borrowers or any of their Subsidiaries;

PROVIDED that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness or any Lien in favor of the PBGC.

"PERSON" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

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

"PREPAYMENT ACCOUNT" has the meaning specified in Section 2.11(e).

"PRIME RATE" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"QUOTATION DAY" means, with respect to any Eurocurrency Borrowing and any Interest Period, the day on which it is market practice in the relevant interbank market for prime banks to give quotations for deposits in the currency of such Borrowing for delivery on the first day of such Interest Period. If such quotations would normally be given by prime banks on more than one day, the Quotation Day will be the last of such days.

"RATINGS" means, at any time, the Company's issuer rating by Moody's and the Company's credit rating by S&P at such time.
"REGISTER" has the meaning set forth in Section 10.04.

"RELATED FUND" means, with respect to any Lender that is a fund that invests in bank loans, any other fund that invests in bank loans and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"RELATED PARTIES" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, trustees, agents and advisors of such Person and such Person’s Affiliates.

"REQUIRED LENDERS" means, at any time, Lenders having unused US Tranche Commitments, U.S. Tranche Exposures, unused Canadian Tranche Commitments, Canadian Tranche Exposures, unused Euro Tranche Commitments and Euro Tranche Exposures with an aggregate US Dollar Equivalent representing more than 50% of the aggregate US Dollar Equivalent of the total unused US Tranche Commitments, U.S. Tranche Exposures, unused Canadian Tranche Commitments, Canadian Tranche Exposures, unused Euro Tranche Commitments and Euro Tranche Exposures at such time; PROVIDED that, for purposes of declaring the Loans to be due and payable pursuant to Article VII, and for all purposes after the Loans become due and payable pursuant to Article VII or the Commitments expire or terminate, the outstanding Competitive Loans and Contract Loans of the Lenders shall be included in their respective US Tranche Exposures in determining the Required Lenders.

"RESET DATE" has the meaning set forth in Section 1.05(a).

"REUTERS SCREEN CDOR PAGE" means the display designated as page CDOR on the Reuters Monitor Money Rates Service or other page as may, from time to time, replace that page on that service for the purpose of displaying bid quotations for bankers’ acceptances accepted by leading Canadian banks.

"REVOLVING BORROWING" means a Borrowing comprised of US Tranche Loans, Canadian Tranche Loans or Euro Tranche Loans, in each case made pursuant to Section 2.01.

"REVOLVING LOAN" means any US Tranche Loan, Canadian Tranche Loan or Euro Tranche Loan.

"S&P" means Standard & Poor's Ratings Group or any successor to the rating agency business thereof.

"SALE AND LEASEBACK TRANSACTION" means any arrangement whereby the Company or a Subsidiary, directly or indirectly, shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred.
"SCHEDULE I LENDER" means any Lender named on Schedule I to the Bank Act (Canada).

"SCHEDULE I REFERENCE LENDERS" means Royal Bank of Canada and Bank of Montreal.

"SCHEDULE II LENDER" means any Lender named on Schedule II to the Bank Act (Canada).

"SCHEDULE II REFERENCE LENDER" means JPMorgan Chase Bank, Toronto Branch.

"SCHEDULE III LENDER" means any Lender named on Schedule III to the Bank Act (Canada).

"STATUTORY RESERVES" means, with respect to any currency, any reserve, liquid asset or similar requirements established by any Governmental Authority of the United States or of the jurisdiction of such currency or any jurisdiction in which Loans in such currency are made to which banks in such jurisdiction are subject for any category of deposits or liabilities customarily used to fund loans in such currency or by reference to which interest rates applicable to Loans in such currency are determined.

"SUBSIDIARY" means, with respect to any Person, any entity with respect to which such Person alone owns, such Person or one or more of its subsidiaries together own, or such Person and any Person Controlling such Person together own, in each case directly or indirectly, capital stock or other equity interests having ordinary voting power to elect a majority of the members of the Board of Directors of such corporation or other entity or having a majority interest in the capital or profits of such corporation or other entity.

"SUBSIDIARY" means any subsidiary of the Company.

"SWINGLINE LENDERS" means the US Swingline Lenders and the Canadian Swingline lenders.

"SWINGLINE LOAN" means a US Swingline Loan or a Canadian Swingline Loan.

"SWINGLINE EXPOSURE" means the US Swingline Exposure and the Canadian Swingline Exposure.

"TAXES" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.
"TRANCHE" means a category of Commitments and extensions of credit thereunder. For purposes hereof, each of the following comprise a separate Tranche: (i) the US Tranche Commitments and the US Tranche Loans, (ii) the Canadian Tranche Commitments and the Canadian Tranche Loans and B/A Drawings and (iii) the Euro Tranche Commitments and the Euro Tranche Loans.

"TRANSACTIONS" means the execution, delivery and performance by the Company and the other Borrowers of the Loan Documents, the borrowing of Loans and purchases and acceptances of B/As hereunder and the use of the proceeds thereof.

"TYPE", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate, the Alternate Base Rate, the Canadian Base Rate or a Fixed Rate.

"US BORROWING SUBSIDIARY” means any Subsidiary that has been designated as such pursuant to Section 2.20 and that has not ceased to be a US Borrowing Subsidiary as provided in such Section.

"US DOLLAR EQUIVALENT" means, on any date of determination, (a) with respect to any amount in US Dollars, such amount, and (b) with respect to any amount in Canadian Dollars or Euros, the equivalent in US Dollars of such amount, determined by the Administrative Agent pursuant to Section 1.05 using the Exchange Rates at the time in effect under the provisions of such Section.

"US DOLLARS" or "US $" means the lawful money of the United States of America.

"US SWINGLINE COMMITMENT" means, with respect to each US Swingline Lender, the commitment of such US Swingline Lender to make US Swingline Loans pursuant to Section 2.06, expressed as an amount representing the maximum aggregate amount of such US Swingline Lender's outstanding US Swingline Loans hereunder, as such commitment may be reduced from time to time pursuant to Section 2.10. The initial amount of each US Swingline Lender's US Swingline Commitment is set forth on Schedule 2.01. The aggregate amount of the US Swingline Commitments on the date hereof is US$1,000,000,000.

"US SWINGLINE EXPOSURE" means, at any time, the sum of the US Swingline Loans outstanding at such time. The US Swingline Exposure of any Lender at any time shall be such Lender's US Swingline Percentage of the total US Swingline Exposure at such time.

"US SWINGLINE LOAN" means a Loan made by a US Swingline Lender under its US Swingline Commitment pursuant to Section 2.06.

"US SWINGLINE PERCENTAGE" means, with respect to any US Swingline Lender, the percentage of the total US Swingline Commitments represented by such Lender's US Swingline Commitment. If the US Swingline Commitments have terminated or expired, the US Swingline Percentages shall be determined based upon the US Swingline Commitments most recently in effect, giving effect to any assignments.

"US TRANCHE COMMITMENT" means, with respect to each US Tranche Lender, the commitment of such Lender to make US Tranche Loans pursuant to Section 2.01(a) and to acquire participations in US Swingline Loans pursuant to Section 2.06, expressed as an amount representing the maximum aggregate amount of such US Tranche Lender's US Tranche Exposure hereunder, as such commitment may be reduced from time to time pursuant to Section 2.10 or pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each US Tranche Lender's US Tranche Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such US Tranche Lender shall have assumed its US Tranche Commitment, as applicable. The aggregate amount of the US Tranche Commitments on the date hereof is US$1,572,985,687.

"US TRANCHE EXPOSURE" means, at any time, the sum of (a) the aggregate principal amount of the US Tranche Loans outstanding at such time plus (b) the US Swingline Exposure at such time. The US Tranche Exposure of any Lender at any time shall be such Lender's US Tranche Percentage of the total US Tranche Exposure at such time.

"US TRANCHE LENDER" mean a Lender with a US Tranche Commitment.

"US TRANCHE PERCENTAGE" means, with respect to any US Tranche Lender, the percentage of the total US Tranche Commitments represented by such Lender's US Tranche Commitment. If the US Tranche Commitments have terminated or expired, the US Tranche Percentages shall be determined based upon the US Tranche Commitments most recently in effect, giving effect to any assignments.

"US TRANCHE BORROWING" means a Borrowing comprised of US Tranche Loans.

"US TRANCHE LOAN" means a Loan made by a US Tranche Lender pursuant to Section 2.01(a). Each US Tranche Loan shall be a Eurocurrency Loan or an ABR Loan.
"WITHDRAWAL LIABILITY" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. CLASSIFICATION OF LOANS AND BORROWINGS. For purposes of this Agreement, Loans may be classified and referred to by Class (E.G., a "US Tranche Loan") or by Type (E.G., a "Eurocurrency Loan") or by Class and Type (E.G., a "Eurocurrency US Tranche Loan"). Borrowings also may be classified and referred to by Class (E.G., a "US Tranche Borrowing") or by Type (E.G., a "US Tranche Eurocurrency Borrowing") or by Class and Type (E.G., a "Eurocurrency US Tranche Borrowing").

SECTION 1.03. TERMS GENERALLY. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder" and words of similar import shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. ACCOUNTING TERMS; GAAP. 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 that if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.
SECTION 1.05. EXCHANGE RATES. (a) Not later than 10:00 a.m., New York City time, on each Calculation Date, the Administrative Agent shall (i) determine the Exchange Rates applicable to the determination of US Dollar Equivalents of amounts denominated in Canadian Dollars and Euro and (ii) give written notice thereof to the Lenders and the Company. The Exchange Rates so determined shall become effective on the first Business Day immediately following the relevant Calculation Date (a "RESET Date"), shall remain effective until the next succeeding Reset Date, and shall for all purposes of this Agreement (other than Section 10.13 or any other provision expressly requiring the use of a current Exchange Rate) be the Exchange Rates employed in the determination of US Dollar Equivalents.

(b) Not later than 5:00 p.m., New York City time, on each Reset Date on which Loans or B/As are outstanding, the Administrative Agent shall (i) determine the US Tranche Exposure, the Canadian Tranche Exposure and the Euro Tranche Exposure and (ii) notify the Lenders and the Company of the results of such determination.

ARTICLE II

THE CREDITS

SECTION 2.01. COMMITMENTS. (a) Subject to the terms and conditions set forth herein, each US Tranche Lender agrees to make US Tranche Loans to the Company and the US Borrowing Subsidiaries from time to time during the Availability Period in US Dollars in an aggregate principal amount at any time outstanding that will not result in (i) such Lender's US Tranche Exposure exceeding its US Tranche Commitment or (ii) the aggregate Exposures exceeding the aggregate Commitments.

(b) Subject to the terms and conditions set forth herein, each Canadian Tranche Lender agrees from time to time during the Availability Period (i) to make Canadian Tranche Loans to the Canadian Borrowing Subsidiaries in Canadian Dollars and/or to accept and purchase or arrange for the acceptance and purchase of drafts drawn by the Canadian Borrowing Subsidiaries in Canadian Dollars as B/As, and (ii) to make Canadian Tranche Loans to the Company and the US Borrowing Subsidiaries in US Dollars, in an aggregate principal amount at any time outstanding that will not result in (i) such Lender's Canadian Tranche Exposure exceeding its Canadian Tranche Commitment or (ii) the aggregate Exposures exceeding the aggregate Commitments.

(c) Subject to the terms and conditions set forth herein, each Euro Tranche Lender agrees from time to time during the Availability Period to make Euro Tranche Loans to the Company, the US Borrowing Subsidiaries and the Euro Borrowing Subsidiaries in Euros or US Dollars in an aggregate principal amount at any time outstanding that will not result in (i) such Lender's Euro Tranche Exposure exceeding its Euro Tranche Commitment or (ii) the aggregate Exposures exceeding the aggregate Commitments.
SECTION 2.02. LOANS AND BORROWINGS. (a) Each US Tranche Loan shall be made as part of a Borrowing consisting of US Tranche Loans made by the US Tranche Lenders (or their Affiliates as provided in paragraph (b) below) ratably in accordance with their respective US Tranche Commitments. Each Canadian Tranche Loan shall be made as part of a Borrowing consisting of Canadian Tranche Loans made by the Canadian Tranche Lenders (or their Affiliates as provided in paragraph (b) below) ratably in accordance with their respective Canadian Tranche Commitments. Each Euro Tranche Loan shall be made as part of a Borrowing consisting of Euro Tranche Loans made by the Euro Tranche Lenders (or their Affiliates as provided in paragraph (b) below) ratably in accordance with their respective Euro Tranche Commitments. Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.05. Each Contract Loan shall be made in accordance with the procedures set forth in paragraph (e) below. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; PROVIDED that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required hereunder.

(b) Subject to Section 2.14, (i) each US Tranche Borrowing shall be comprised entirely of Eurocurrency Loans or ABR Loans as the applicable Borrower may request in accordance herewith; (ii) each Canadian Tranche Borrowing shall be comprised entirely of (A) in the case of a Canadian Tranche Borrowing denominated in Canadian Dollars, Eurocurrency Loans or Canadian Base Rate Loans as the applicable Borrower may request in accordance herewith, and (B) in the case of a Canadian Tranche Borrowing denominated in US Dollars, Eurocurrency Loans or ABR Loans, as the applicable Borrower may request in accordance herewith; (iii) each Euro Tranche Borrowing shall be comprised entirely of (A) in the case of a Euro Tranche Borrowing denominated in Euros, Eurocurrency Loans, and (B) in the case of a Euro Tranche Borrowing denominated in US Dollars, Eurocurrency Loans or ABR Loans, as the applicable Borrower may request in accordance herewith; (iv) each Competitive Borrowing shall be comprised entirely of Eurocurrency Loans or Fixed Rate Loans, as the applicable Borrower may request in accordance herewith; (v) each US Swingline Loan shall be comprised entirely of ABR Loans; and (vi) each Canadian Swingline Loan shall be comprised entirely of Canadian Base Rate Loans. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); PROVIDED that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Borrowing (other than a Borrowing comprised of Competitive Loans or Contract Loans), such Borrowing shall be in an aggregate amount that is at least equal to the Borrowing Minimum and an integral multiple of the Borrowing Multiple; PROVIDED that an ABR Borrowing denominated in US Dollars may be made in an aggregate amount that is equal...
to the aggregate available US Tranche Commitments, Canadian Tranche Commitments or Euro Tranche Commitments, as the case may be, and a Canadian Base Rate Borrowing denominated in Canadian Dollars may be made in an aggregate amount that is equal to the aggregate available Canadian Tranche Commitments. Borrowings of more than one Type and Class may be outstanding at the same time; PROVIDED that there shall not at any time be more than a total of (i) five US Tranche Eurocurrency Borrowings outstanding, (ii) three Canadian Tranche Eurocurrency Borrowings outstanding and (iii) three Euro Tranche Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

(e) At any time, any Borrower and any Lender may agree that such Lender will make a Loan (a "CONTRACT LOAN") to the Borrower denominated in US Dollars, Canadian Dollars or Euros and bearing interest at an agreed upon rate, for an interest period to be agreed upon and upon such other terms as the applicable Borrower and Lender may agree (it being understood that a Contract Loan shall not be required to be in any particular minimum amount); PROVIDED, that, (i) after giving effect to the making of any such Contract Loan, the aggregate Exposures shall not exceed the aggregate Commitments and (ii) no such Loan shall be a Contract Loan unless the relevant Borrower and the applicable Lender expressly agree at the time such Loan is made, and notify the Administrative Agent, that such Loan shall be a Contract Loan for purposes of this Agreement. If the applicable Borrower and Lender shall, after any Contract Loan is made, agree that such Contract Loan shall no longer be a Contract Loan hereunder and shall notify the Administrative Agent of such agreement, such Loan shall, as of the date of such agreement, cease to be a Contract Loan or to be entitled to any further benefits under this Agreement. Contract Loans shall be deemed Loans for all purposes under this Agreement. Each Borrower and Lender shall promptly notify the Administrative Agent of (i) the date, principal amount, currency, maturity, interest rate, Interest Period and Interest Payment Dates of each Contract Loan made by or to such Lender to such Borrower and (ii) the date and amount of any repayment or prepayment of any such Contract Loan.

SECTION 2.03. REQUESTS FOR BORROWINGS. To request a Borrowing of a Type available hereunder, the applicable Borrower, or the Company on behalf of the applicable Borrower, shall notify the Applicable Agent of such request by telephone (a) in the case of a Eurocurrency Borrowing, not later than 2:00 p.m., Local Time, three Business Days before the date of the proposed Borrowing, (b) in the case of a Canadian Base Rate Borrowing, not later than 10:00 a.m., Local Time, on the date of the proposed Borrowing and, (c) in the case of an ABR Borrowing, not later than 12:00 noon, Local Time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Applicable Agent of a written Borrowing Request in a form approved by
the Applicable Agent and signed by the applicable Borrower, or by the Company on behalf of the applicable Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the Borrower requesting such Borrowing (or on whose behalf the Company is requesting such Borrowing);

(ii) whether the requested Borrowing is to be a US Tranche Borrowing, a Canadian Tranche Borrowing or a Euro Tranche Borrowing;

(iii) the currency and aggregate principal amount of the requested Borrowing;

(iv) the date of the requested Borrowing, which shall be a Business Day;

(v) the Type of the requested Borrowing;

(vi) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vii) the location and number of the relevant Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no currency is specified with respect to any requested Eurocurrency Borrowing, then the relevant Borrower shall be deemed to have selected (i) in the case of a US Tranche Borrowing, US Dollars, (ii) in the case of a Canadian Tranche Borrowing, Canadian Dollars, and (iii) in the case of a Euro Tranche Borrowing, Euros. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be (i) in the case of a Borrowing denominated in US Dollars, an ABR Borrowing, (ii) in the case of a Borrowing denominated in Canadian Dollars, a Canadian Base Rate Borrowing, and (iii) in the case of a Borrowing denominated in Euro, a Eurocurrency Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the relevant Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Applicable Agent shall advise each Lender that will make a Loan as part of the requested Borrowing of the details thereof and of the amount of the Loan to be made by such Lender as part of the requested Borrowing.

SECTION 2.04. BANKERS’ ACCEPTANCES. (a) Each acceptance and purchase of B/As of a single Contract Period pursuant to Section 2.01 (b) or Section 2.09 shall be made ratably by the Canadian Tranche Lenders in accordance with the amounts of their Canadian Tranche Commitments. The failure of any Canadian Tranche Lender to accept any B/A required to be accepted by it shall not relieve any other Canadian Tranche
Lender of its obligations hereunder; PROVIDED that the Canadian Tranche Commitments are several and no Canadian Tranche Lender shall be responsible for any other Canadian Tranche Lender's failure to accept B/As as required.

(b) The B/As of a single Contract Period accepted and purchased on any date shall be in an aggregate amount that is an integral multiple of C$1,000,000 and not less than C$5,000,000. The face amount of each B/A shall be C$100,000 or any whole multiple thereof. If any Canadian Tranche Lender's ratable share of the B/As of any Contract Period to be accepted on any date would not be an integral multiple of C$100,000, the face amount of the B/As accepted by such Lender may be increased or reduced to the nearest integral multiple of C$100,000 by the Canadian Agent in its sole discretion. B/As of more than one Contract Period may be outstanding at the same time; PROVIDED that there shall not at any time be more than a total of three B/A Drawings outstanding.

(c) To request an acceptance and purchase of B/As, a Borrower shall notify the Canadian Agent of such request by telephone not later than 10:00 a.m., Local Time, one Business Day before the date of such acceptance and purchase. Each such telephonic request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Canadian Agent of a written request in a form approved by the Canadian Agent and signed by such Borrower. Each such telephonic and written request shall specify the following information:

(i) the aggregate face amount of the B/As to be accepted and purchased;

(ii) the date of such acceptance and purchase, which shall be a Business Day;

(iii) the Contract Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Contract Period" (and which shall in no event end after the Maturity Date); and

(iv) the location and number of the Borrower's account to which any funds are to be disbursed, which shall comply with the requirements of Section 2.07. If no Contract Period is specified with respect to any requested acceptance and purchase of B/As, then the Borrower shall be deemed to have selected a Contract Period of 30 days' duration.

Promptly following receipt of a request in accordance with this paragraph, the Canadian Agent shall advise each Canadian Tranche Lender of the details thereof and of the amount of B/As to be accepted and purchased by such Lender.

(d) Each Borrower hereby appoints each Canadian Tranche Lender as its attorney to sign and endorse on its behalf, manually or by facsimile or mechanical signature, as and when deemed necessary by such Lender, blank forms of B/As. It shall
be the responsibility of each Canadian Tranche Lender to maintain an adequate supply of blank forms of B/As for acceptance under this Agreement. Each Borrower recognizes and agrees that all B/As signed and/or endorsed on its behalf by any Canadian Tranche Lender shall bind such Borrower as fully and effectually as if manually signed and duly issued by authorized officers of such Borrower. Each Canadian Tranche Lender is hereby authorized to issue such B/As endorsed in blank in such face amounts as may be determined by such Lender; PROVIDED that the aggregate face amount thereof is equal to the aggregate face amount of B/As required to be accepted by such Lender. No Canadian Tranche Lender shall be liable for any damage, loss or claim arising by reason of any loss or improper use of any such instrument unless such loss or improper use results from the gross negligence or willful misconduct of such Lender. Each Canadian Tranche Lender shall maintain a record with respect to B/As (i) received by it from the Canadian Agent in blank hereunder, (ii) voided by it for any reason, (iii) accepted and purchased by it hereunder and (iv) canceled at their respective maturities. Each Canadian Tranche Lender further agrees to retain such records in the manner and for the periods provided in applicable provincial or Federal statutes and regulations of Canada and to provide such records to each Borrower upon its request and at its expense. Upon request by any Borrower, a Lender shall cancel all forms of B/A that have been pre-signed or pre-endorsed on behalf of such Borrower and that are held by such Lender and are not required to be issued pursuant to this Agreement.

(e) Drafts of each Borrower to be accepted as B/As hereunder shall be signed as set forth in paragraph (d) above. Notwithstanding that any Person whose signature appears on any B/A may no longer be an authorized signatory for any of the Lenders or such Borrower at the date of issuance of such B/A, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such B/A so signed shall be binding on such Borrower.

(f) Upon acceptance of a B/A by a Lender, such Lender shall purchase, or arrange the purchase of, such B/A from the applicable Borrower at the Discount Rate for such Lender applicable to such B/A accepted by it and provide to the Canadian Agent the Discount Proceeds for the account of such Borrower as provided in Section 2.07. The acceptance fee payable by the Company to a Lender under Section 2.12 in respect of each B/A accepted by such Lender shall be set off against the Discount Proceeds payable by such Lender under this paragraph. Notwithstanding the foregoing, in the case of any B/A Drawing resulting from the conversion or continuation of a B/A Drawing or Canadian Tranche Loan pursuant to Section 2.09, the net amount that would otherwise be payable to such Borrower by each Lender pursuant to this paragraph will be applied as provided in Section 2.09(f).

(g) Each Lender may at any time and from time to time hold, sell, rediscout or otherwise dispose of any or all B/A's accepted and purchased by it.
(h) Each B/A accepted and purchased hereunder shall mature at the end of the Contract Period applicable thereto.

(i) Each Borrower waives presentment for payment and any other defense to payment of any amounts due to a Lender in respect of a B/A accepted and purchased by it pursuant to this Agreement which might exist solely by reason of such B/A being held, at the maturity thereof, by such Lender in its own right and each Borrower agrees not to claim any days of grace if such Lender as holder sues each Borrower on the B/A for payment of the amounts payable by such Borrower thereunder. On the specified maturity date of a B/A, or such earlier date as may be required pursuant to the provisions of this Agreement, each Borrower shall pay the Lender that has accepted and purchased such B/A the full face amount of such B/A, and after such payment such Borrower shall have no further liability in respect of such B/A and such Lender shall be entitled to all benefits of, and be responsible for all payments due to third parties under, such B/A.

(j) At the option of each Borrower and any Lender, B/A’s under this Agreement to be accepted by that Lender may be issued in the form of depository bills for deposit with The Canadian Depository for Securities Limited pursuant to the Depository Bills and Notes Act (Canada). All depository bills so issued shall be governed by the provisions of this Section 2.04.

SECTION 2.05. COMPETITIVE BID PROCEDURE. (a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period any Borrower may request Competitive Bids for Competitive Loans in US Dollars, Canadian Dollars or Euros and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans; PROVIDED that the aggregate Exposures at any time shall not exceed the aggregate Commitments. To request Competitive Bids, the Company or the applicable Borrower shall notify the Applicable Agent of such request by telephone (i) in the case of a Eurocurrency Competitive Borrowing, not later than 10:00 a.m., Local Time, four Business Days before the date of the proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing not later than 12:00 noon, Local Time, one Business Day before the date of the proposed Competitive Borrowing. Not more than three Competitive Bid Requests may be submitted on the same day. Each telephonic Competitive Bid Request shall be confirmed promptly by hand delivery or telecopy to the Applicable Agent of a written Competitive Bid Request in a form approved by the Applicable Agent and signed by the Company. Each such telephonic and written Competitive Bid Request shall specify the following information in compliance with Section 2.02:

(i) the Borrower requesting the Competitive Bid and the aggregate amount and currency of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;
(iii) whether such Borrowing is to be a Eurocurrency Borrowing or a Fixed Rate Borrowing;

(iv) the Interest Period to be applicable to such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Company's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

Promptly following receipt of a Competitive Bid Request in accordance with this Section, the Applicable Agent shall notify the Lenders of the details thereof by telecopy, inviting the Lenders to submit Competitive Bids.

(b) Each Lender may (but shall not have any obligation to) make one or more Competitive Bids to the Company in response to a Competitive Bid Request. Each Competitive Bid by a Lender must be in a form approved by the Applicable Agent and must be received by the Applicable Agent by telecopy, (i) in the case of a Eurocurrency Competitive Borrowing, not later than 12:00 noon, Local Time, four Business Days before the date of the proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., Local Time, on the date of the proposed Competitive Borrowing. Competitive Bids that do not conform to the form approved by the Applicable Agent may be rejected by the Applicable Agent, and the Applicable Agent shall notify the applicable Lender as promptly as practicable. Each Competitive Bid shall specify (i) the principal amount (which may equal the entire principal amount of the Competitive Borrowing requested by the Company) of the Competitive Loan or Loans that the Lender is willing to make, (ii) the Competitive Bid Rate or Rates at which the Lender is prepared to make such Loan or Loans (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) and (iii) the Interest Period applicable to each such Loan and the last day thereof.

(c) The Applicable Agent shall promptly notify the Company by telecopy of the Competitive Bid Rate and the principal amount specified in each Competitive Bid and the identity of the Lender that shall have made such Competitive Bid.

(d) Subject only to the provisions of this paragraph, the applicable Borrower may accept or reject any Competitive Bid. The Borrower shall notify the Applicable Agent by telephone, confirmed by telecopy in a form approved by the Applicable Agent, whether and to what extent it has decided to accept or reject each Competitive Bid, (i) in the case of a Eurocurrency Competitive Borrowing, not later than 11:00 a.m., Local Time, three Business Days before the date of the proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., Local Time, on the date of the proposed Competitive Borrowing; PROVIDED that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) the Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if such Borrower rejects a Competitive Bid made at a lower
Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the aggregate amount of the requested Competitive Borrowing specified in the related Competitive Bid Request and (iv) to the extent necessary to comply with clause (iii) above, the Borrower may accept Competitive Bids at the same Competitive Bid Rate in part, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid; PROVIDED FURTHER that in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of the Borrowing Multiple in a manner determined by the Borrower. A notice given by the Borrower pursuant to this paragraph shall be irrevocable.

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

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

SECTION 2.06. SWINGLINE LOANS. (a) Subject to the terms and conditions set forth herein, each US Swingline Lender agrees to make US Swingline Loans in US Dollars to the Company or any US Borrowing Subsidiary, and each Canadian Swingline Lender agrees to make Canadian Swingline Loans in Canadian Dollars to any Canadian Borrowing Subsidiary, from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate US Dollar Equivalent of the Swingline Exposures exceeding US$1,000,000,000, (ii) the aggregate US Dollar Equivalent of Canadian Swingline Exposure exceeding US$148,665,726, (iii) the aggregate US Tranche Exposures exceeding the aggregate US Tranche Commitments, (iv) the aggregate Canadian Tranche Exposures exceeding the Canadian Tranche Commitments or (v) the aggregate Exposures exceeding the aggregate Commitments; PROVIDED that (A) no Swingline Lender shall be required to make a Swingline Loan to refinance an outstanding Swingline Loan and (B) no Swingline Lender shall make a Swingline Loan if it shall have been notified by the Administrative Agent at the request of the Required Lenders that an Event of Default has occurred and is continuing and that, as a result, no further Swingline Loans shall be made by it (“Swingline Suspension Notice”). Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers specified above may borrow, prepay and reborrow Swingline Loans. Each Swingline Loan shall be in an integral amount of US$1,000,000 or C$1,000,000, as applicable. The Borrowers may request any US
Swingline Loans or Canadian Swingline Loans from one or more of the US Swingline Lenders or Canadian Swingline Lenders, subject only to the limitation that the outstanding US Swingline Loans or Canadian Swingline Loans of any Swingline Lender shall at no time exceed its US Swingline Commitment or Canadian Swingline Commitment, as the case may be.

(b) To request Swingline Loans, a Borrower shall notify the Applicable Agent of such request by telephone (confirmed by telecopy) on the day of a proposed Swingline Loan by not later than 3:00 p.m., Local Time, in the case of US Swingline Loans (or 4:00 p.m., Local Time, in the case of a US Swingline Loan to be made by JPMCB), and not later than 11:00 a.m., Local Time, in the case of Canadian Swingline Loans. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day), the aggregate amount of the requested Swingline Loans and the amount of the Swingline Loan to be made by each Swingline Lender. The Applicable Agent will promptly advise the applicable Swingline Lenders of any such notice received from such Borrower. The applicable Swingline Lenders shall make their Swingline Loans available to such Borrower by means of a transfer of funds to the general deposit account of such Borrower with the Applicable Agent (or another account in the jurisdiction of the Applicable Agent specified by such Borrower in its request for such Swingline Loan) by 4:00 p.m., Local Time, on the requested date of such Swingline Loans (or 5:00 p.m., Local Time, in the case of a US Swingline Loan to be made by JPMCB and requested after 3:00 p.m., Local Time).

(c) By written notice given to the Applicable Agent not later than 10:00 a.m., Local Time, on any Business Day, each US Swingline Lender may require the US Tranche Lenders to acquire participations on such Business Day in all or a portion of its US Tranche Swingline Loans outstanding and each Canadian Swingline Lender may require the Canadian Tranche Lenders to acquire participations on such Business Day in all or a portion of its Canadian Tranche Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which the applicable Lenders will participate. Promptly upon receipt of such notice, the Applicable Agent will give notice thereof to each applicable Lender, specifying in such notice the percentage of the applicable Swingline Loans allocated to such Lender. Each Lender agrees, upon receipt of notice as provided above, to pay to the Applicable Agent, for the account of each applicable Swingline Lender, the percentage of such Swingline Loans allocated to such Lender. Each US Tranche Lender and Canadian Tranche Lender acknowledges and agrees that, in the absence of a Swingline Suspension Notice received by the applicable Swingline Lender not less than two Business Days prior to the making of the applicable Swingline Loan, its obligation to acquire participations in each Swingline Loan pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the US Tranche Commitments or the Canadian Tranche Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation
under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Applicable Agent shall promptly pay pro rata to the applicable Swingline Lenders the amounts so received by it from the Lenders. The Applicable Agent shall notify the relevant Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph. Any amounts received by a Swingline Lender from any Borrower (or other party on behalf of such Borrower) in respect of a Swingline Loan after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Applicable Agent; any such amounts received by the Applicable Agent shall be promptly remitted by the Applicable Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the applicable Swingline Lenders, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the applicable Borrower of any default in the payment thereof.

SECTION 2.07. FUNDING OF BORROWINGS AND B/A DRAWINGS. (a) Each Lender shall make each Loan (other than a Contract Loan or a Swingline Loan) to be made by it and disburse the Discount Proceeds (net of applicable acceptance fees) of each B/A to be accepted and purchased by it hereunder on the proposed date thereof by wire transfer of immediately available funds in the applicable currency by 2:00 p.m., Local Time, to the account of the Applicable Agent most recently designated by it for such purpose by notice to the applicable Lenders. The Applicable Agent will make such Loans or Discount Proceeds (net of applicable acceptance fees) available to the relevant Borrower by promptly crediting the amounts so received, in like funds, to an account of such Borrower maintained by the Applicable Agent (or another account specified by such Borrower in the applicable Borrowing Request or request for an acceptance and purchase of B/As) (i) in New York City, in the case of Loans denominated in US Dollars (ii) in London, in the case of Loans denominated in Euros and (iii) in Toronto, in the case of Loans denominated in Canadian Dollars or B/As. Each Lender shall make each Contract Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by the time and to the account agreed upon by the relevant Borrower and the applicable Lender.

(b) Unless the Applicable Agent shall have received notice from a Lender prior to the proposed date of any Borrowing or acceptance and purchase of B/As that such Lender will not make available to the Applicable Agent such Lender's share of such Borrowing or the applicable Discount Proceeds (net of applicable acceptance fees), the Applicable Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the relevant Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing or the applicable Discount Proceeds (net of applicable acceptance fees) available to the Applicable Agent, and the Applicable Agent has made an amount corresponding to such
share available to such Borrower, then the applicable Lender and such Borrower severally agree to pay to the Applicable Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Applicable Agent, at (i) in the case of such Lender, the rate reasonably determined by the Applicable Agent to be the cost to it of funding such amount or (ii) in the case of such Borrower, the interest rate applicable to the subject Loan or the cost to the Agent of funding the net proceeds of the subject B/As. If such Lender pays such amount to the Applicable Agent, then such amount shall constitute such Lender's Loan included in such Borrowing or such Lender's purchase of B/As and the Applicable Agent shall return to such Borrower any amount (including interest) paid by such Borrower to the Applicable Agent pursuant to this paragraph.

SECTION 2.08. REPAYMENT OF BORROWINGS AND B/A DRAWINGS; EVIDENCE OF DEBT. (a) Each Borrower hereby unconditionally promises to pay to the Applicable Agent for the accounts of the applicable Lenders or Swingline Lenders (i) unless otherwise specified in this Section 2.08, the then unpaid principal amount of the Loans comprising each Borrowing of such Borrower on the Maturity Date and the face amount of each B/A, if any, accepted by such Lender as provided in Section 2.04, (ii) the then unpaid principal amount of each Competitive Loan on the last day of the Interest Period applicable thereto and (iii) the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; PROVIDED that on each date that a US Tranche Borrowing (or a Competitive Borrowing in US Dollars) or a Canadian Tranche Borrowing (or a Competitive Borrowing in Canadian Dollars) is made by any Borrower, such Borrower shall repay all US Tranche Swingline Loans or Canadian Tranche Swingline Loans, as the case may be, made to it and then outstanding. Each Borrower hereby unconditionally promises to repay the principal amount of each Loan made to such Borrower and the accrued interest thereon and the face amount of each B/A drawn by such Borrower in the currency of such Loan or B/A.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the obligations of each Borrower to such Lender resulting from the Loans made and the B/As accepted by such Lender, including the amounts of principal and interest and amounts in respect of B/As payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Borrowing made hereunder, the Class, Type and currency thereof and the Interest Period applicable thereto, and the amount of each B/A Drawing made hereunder and the Contract Period applicable thereto, (ii) the amount of any
principal, interest or amount in respect of any B/A due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by any Agent hereunder for the accounts of the Lenders and each Lender's share thereof. Each of the London Agent and the Canadian Agent shall furnish to the Administrative Agent, promptly after the making of any Loan or Borrowing or the acceptance of any B/A with respect to which it is the Applicable Agent or the receipt of any payment of principal or interest with respect to any such Loan or Borrowing with respect to which it is the Applicable Agent, information with respect thereto that will enable the Administrative Agent to maintain the accounts referred to in the preceding sentence. The Administrative Agent shall notify in writing the London Agent or the Canadian Agent, as applicable, promptly after the making of any Loan or Borrowing with respect to which it is the Applicable Agent or the receipt of payment of any principal with respect to any such Loan or Borrowing.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be PRIMA FACIE evidence of the existence and amounts of the obligations recorded therein; PROVIDED that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans made to it or the B/As drawn by it in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans of any Class made by it to any Borrower be evidenced by a promissory note if it is the policy of such Lender to obtain promissory notes in transactions comparable to those provided for herein or if has another business reason for requesting such a promissory note. In such event, each applicable Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in the form of Exhibit D hereto. Thereafter, the Loans evidenced by each such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.09. INTEREST ELECTIONS. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Each B/A Drawing shall have a Contract Period as specified in the applicable request therefor. After the initial Borrowings under any Tranche and, if applicable, B/A Drawings, the Borrowers may elect to convert and continue such Borrowings and, if applicable, B/A Drawings to or as other Borrowings and, if applicable, B/A Drawings under such Tranche as provided in this Section (it being understood that no B/A Drawing may be converted or continued other than at the end of the Contract Period applicable thereto). The Borrowers may elect different options with respect to different portions of the affected Borrowings or B/A Drawings, in which case
each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowings or accepting the B/As comprising such B/A Drawings, as the case may be, and any Loans or B/As resulting from an election made with respect to any such portion shall be considered a separate Borrowing or B/A Drawing. Notwithstanding any other provision of this Section, no Borrowing or B/A Drawing may be converted into or continued as a Borrowing or B/A Drawing with an Interest Period or Contract Period, as applicable, ending after the Maturity Date. This Section shall not apply to Swingline Loans, Competitive Loans or to Contract Loans, which may not be converted or continued.

(b) To make an election pursuant to this Section, a Borrower, or the Company on its behalf, shall notify the Applicable Agent of such election by telephone (x) in the case of an election that would result in a Borrowing, by the time and date that a Borrowing Request would be required under Section 2.03 if such Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election and (y) in the case of an election that would result in a B/A Drawing or continuation of a B/A Drawing, by the time and date that a request would be required under Section 2.04 if such Borrower were requesting an acceptance and purchase of B/As to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Applicable Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the relevant Borrower, or the Company on its behalf. Notwithstanding any contrary provision herein, this Section shall not be construed to permit any Borrower to (i) change the currency of any Borrowing, (ii) elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d) or (iii) convert any Borrowing or B/A Drawing to a Borrowing or B/A Drawing not available under the Class of Commitments pursuant to which such Borrowing or B/A Drawing was made.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.03 or 2.04:

(i) the Borrowing or B/A Drawing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing or B/A Drawing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing or B/A Drawing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) in the case of an election with respect to a US Tranche Borrowing, whether a Eurocurrency Borrowing or an ABR Borrowing is elected; in the case of an election with respect to a Canadian Tranche Borrowing denominated in Canadian Dollars or a B/A Drawing, whether a Eurocurrency Borrowing, a
Canadian Base Rate Borrowing or a B/A Drawing is elected; and in the case of an election with respect to a Canadian Tranche Borrowing denominated in US Dollars, whether a Eurocurrency Borrowing or an ABR Borrowing is elected; and

(iv) in the case of an election of a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period", and in the case of an election of a B/A Drawing, the Contract Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Contract Period"; PROVIDED that no Eurocurrency Borrowing or B/A Drawing may be elected with an Interest Period or Contract Period, as the case may be, that would extend after the Maturity Date.

If any such Interest Election Request requests a Eurocurrency Borrowing or a B/A Drawing but does not specify an Interest Period or Contract Period, then the Borrower shall be deemed to have selected an Interest Period or Contract Period of one month's duration, as the case may be.

(d) Promptly following receipt of an Interest Election Request, the Applicable Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing or B/A Drawing.

(e) If the relevant Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing or B/A Drawing prior to the end of the Interest Period or Contract Period applicable thereto, then, unless such Borrowing or B/A Drawing is repaid as provided herein, at the end of such Interest Period or Contract Period, such Borrowing or B/A Drawing shall (i) in the case of a Eurocurrency Borrowing denominated in US Dollars, be converted to an ABR Borrowing, (ii) in the case of a Eurocurrency Borrowing denominated in Canadian Dollars or a B/A Drawing, be converted into a Canadian Base Rate Borrowing and (iii) in the case of any other Eurocurrency Borrowing, become due and payable on the last day of such Interest Period.

(f) Upon the conversion of any Canadian Tranche Borrowing (or portion thereof), or the continuation of any B/A Drawing (or portion thereof), to or as a B/A Drawing, the net amount that would otherwise be payable to a Borrower by each Lender pursuant to Section 2.04(f) in respect of such new B/A Drawing shall be applied against the principal of the Canadian Tranche Loan made by such Lender as part of such Canadian Tranche Borrowing (in the case of a conversion), or the reimbursement obligation owed to such Lender under Section 2.04(i) in respect of the B/As accepted by such Lender as part of such maturing B/A Drawing (in the case of a continuation), and such Borrower shall pay to such Lender an amount equal to the difference between the principal amount of such Canadian Tranche Loan or the aggregate face amount of such maturing B/As, as the case may be, and such net amount.
(g) The conversion or continuation of any Borrowing or B/A Drawing shall not constitute a repayment of amounts outstanding or a new advance of funds hereunder.

SECTION 2.10. TERMINATION AND REDUCTION OF COMMITMENTS. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Company may at any time terminate, or from time to time reduce, the Commitments of any Class; PROVIDED that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum, (ii) the Company shall not terminate or reduce the US Tranche Commitments if, after giving effect to any concurrent prepayment of the US Tranche Loans in accordance with Section 2.11, aggregate US Tranche Exposures would exceed the aggregate US Tranche Commitments, (iii) the Company shall not terminate or reduce the Canadian Tranche Commitments if, after giving effect to any concurrent prepayment of the Canadian Tranche Loans in accordance with Section 2.11, the aggregate Canadian Tranche Exposures would exceed the aggregate Canadian Tranche Commitments, (iv) the Company shall not terminate or reduce the Euro Tranche Commitments if, after giving effect to any concurrent prepayment of the Euro Tranche Loans in accordance with Section 2.11, the aggregate Euro Tranche Exposures would exceed the aggregate Euro Tranche Commitments and (v) the Company shall not terminate or reduce any Commitments if, after giving effect to any concurrent prepayment of Loans in accordance with Section 2.11, the aggregate Exposures would exceed the aggregate Commitments.

(c) The Company shall notify the Administrative Agent of any election to terminate or reduce the Commitments of any Class under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying the effective date of such election. Promptly following receipt of any such notice, the Administrative Agent shall advise the other Agents and the applicable Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable; PROVIDED that a notice of termination of the Commitments delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the applicable Lenders in accordance with their respective Commitments of such Class.

SECTION 2.11. PREPAYMENT OF LOANS. (a) Any Borrower, or the Company on behalf of any Borrower, shall have the right at any time and from time to time to prepay any Borrowing and amounts owed in respect of outstanding B/As of such Borrower in whole or in part, subject to prior notice in accordance with paragraph (d) of
this Section; PROVIDED, that, unless the applicable Borrowers and Lenders shall have otherwise agreed at the time such Loans were made, Competitive Loans or Contract Loans may be prepaid only with the consent of the Lenders making such Loans.

(b) If the aggregate Exposures of any Class shall exceed the aggregate Commitments of such Class, then (i) on the last day of any Interest Period for any Eurocurrency Borrowing of such Class (or, in the case of the Canadian Commitments, the last day of any Contract Period for any B/A Drawing), and (ii) on any other date in the event ABR Borrowings or Canadian Base Rate Borrowings shall be outstanding under such Class, the applicable Borrowers shall prepay Loans of such Class in an amount equal to the lesser of (A) the amount necessary to eliminate such excess (after giving effect to any other prepayment of Loans on such day) and (B) the amount of the applicable Borrowings or B/A Drawings referred to in clause (i) or (ii), as applicable. If, on any Reset Date, the aggregate amount of the Exposures of any Class shall exceed 105% of the aggregate Commitments of such Class, then the applicable Borrowers shall, not later than the next Business Day, prepay one or more Borrowings of such Class (or, in the case of the Canadian Commitments, amounts owing in respect of outstanding B/As) in an aggregate principal amount sufficient to eliminate such excess.

(c) Prior to any optional or mandatory prepayment of Borrowings or amounts owing in respect of outstanding B/A Drawings hereunder, the applicable Borrower shall select the Borrowing or Borrowings and B/A Drawings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to paragraph (d) of this Section.

(d) The applicable Borrower, or the Company on behalf of the applicable Borrower, shall notify the Applicable Agent by telephone (confirmed by telecopy) of any prepayment of a Borrowing or amounts owing in respect of an outstanding B/A Drawing hereunder (i) in the case of a Eurocurrency Borrowing, not later than 11:00 a.m., Local Time, three Business Days before the date of such prepayment, (ii) in the case of an ABR Borrowing, a Canadian Base Rate Borrowing or any amount owed in respect of an outstanding B/A Drawing, not later than 11:00 a.m., Local Time, one Business Day before the date of such prepayment and (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, Local Time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof, or amount owed in respect of an outstanding B/A Drawing or portion thereof, to be prepaid; PROVIDED that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.10(c), then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.10(c). Promptly following receipt of any such notice, the Applicable Agent shall advise the applicable Lenders of the contents thereof. Each partial prepayment of any Borrowing or amounts owing in respect of a B/A Drawing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in
Section 2.02 or an acceptance and purchase of B/As as provided in Section 2.04. Each prepayment of a Borrowing or B/A Drawing shall be applied ratably to the Loans included in the prepaid Borrowing or the B/As included in such B/A Drawing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments pursuant to Section 2.16.

(e) Amounts to be applied pursuant to this Section or Article VII to prepay or repay amounts to become due with respect to outstanding B/As shall be deposited in the Prepayment Account (as defined below). The Canadian Agent shall apply any cash deposited in the Prepayment Account allocable to amounts to become due in respect of B/As on the last day of their respective Contract Periods until all amounts due in respect of outstanding B/As have been prepaid or until all the allocable cash on deposit has been exhausted. For purposes of this Agreement, the term "Prepayment Account" shall mean an account established by a Borrower with the Canadian Agent and over which the Canadian Agent shall have exclusive dominion and control, including the exclusive right of withdrawal for application in accordance with this paragraph (e). The Canadian Agent will, at the request of such Borrower, invest amounts on deposit in the Prepayment Account in short-term, cash equivalent investments selected by the Canadian Agent in consultation with such Borrower that mature prior to the last day of the applicable Contract Periods of the B/As to be prepaid; PROVIDED, HOWEVER, that the Canadian Agent shall have no obligation to invest amounts on deposit in the Prepayment Account if a Default or Event of Default shall have occurred and be continuing. Such Borrower shall indemnify the Administrative Agent for any losses relating to the investments so that the amount available to prepay amounts due in respect of B/As on the last day of the applicable Contract Period is not less than the amount that would have been available had no investments been made pursuant thereto. Other than any interest earned on such investments (which shall be for the account of such Borrower, to the extent not necessary for the prepayment of B/As in accordance with this Section), the Prepayment Account shall not bear interest. Interest or profits, if any, on such investments shall be deposited in the Prepayment Account and reinvested and disbursed as specified above. If the maturity of the Loans and all amounts due hereunder has been accelerated pursuant to Article VII, the Canadian Agent may, in its sole discretion, apply all amounts on deposit in the Prepayment Account to satisfy any of the Obligations in respect of Canadian Tranche Loans and B/As (and each Borrower hereby grants to the Canadian Agent a security interest in its Prepayment Account to secure such Obligations).

SECTION 2.12. FEES. (a) The Company agrees to pay to the Administrative Agent, in US Dollars, for the account of the office (or Affiliate) of each Lender from which such Lender would make Loans to the Company in US Dollars hereunder (which office or Affiliate shall be specified by each Canadian Tranche Lender and Euro Tranche Lender in a notice delivered to the Administrative Agent prior to the initial payment to such Lender under this paragraph), a facility fee, which shall accrue at the Applicable Rate on the daily amount of the sum of (i) such Lender's US Tranche
Commitment, (ii) the US Dollar Equivalent of such Lender's Canadian Tranche Commitment and (iii) the US Dollar Equivalent of such Lender's Euro Tranche Commitment (in each case whether used or unused) during the period from and including the date hereof to but excluding the date on which the last of such Commitments terminates; PROVIDED that, if such Lender continues to have any Exposure, including Swingline Exposures, of any Class after its Commitment of such Class terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Exposure, including Swingline Exposures, of such Class to but excluding the date on which such Lender ceases to have any such Exposure, including Swingline Exposures. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year, commencing on the first such date to occur after the date hereof, and on the date on which all the Commitments shall have terminated and the Lenders shall have no further Exposures, including Swingline Exposures. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The applicable Canadian Borrowing Subsidiary agrees to pay to the Canadian Agent, for the account of each Canadian Tranche Lender, on each date on which B/As drawn by such Canadian Borrowing Subsidiary are accepted hereunder, in Canadian Dollars, an acceptance fee equal to the (i) the product of the Applicable Rate and the face amount of each B/A accepted by such Lender multiplied by (ii) a fraction the numerator of which is the number of days in the Contract Period applicable to such B/A and the denominator of which is 365.

(c) For each day on which the sum of (i) the aggregate US Tranche Exposures, (ii) the US Dollar Equivalent of the aggregate Canadian Tranche Exposures and (iii) the US Dollar Equivalent of the aggregate Euro Tranche Exposures shall exceed 50% of the sum of (x) the aggregate US Tranche Commitments, (y) the US Dollar Equivalent of the aggregate Canadian Tranche Commitments and (z) the US Dollar Equivalent of the aggregate Euro Tranche Commitments, a utilization fee, which shall accrue at a rate of 0.050% per annum, shall be paid to each Lender, through the Applicable Agents. (A) by the Company and/or US Borrowing Subsidiaries in US Dollars (i) on such Lender's US Tranche Percentage of the aggregate US Tranche Exposures and (ii) on such Lender's Canadian Tranche Percentage of the portion of the Canadian Tranche Exposure attributable to Canadian Tranche Loans made to the Company, (B) by the Canadian Borrowing Subsidiaries in US Dollars on such Lender's Canadian Tranche Percentage of the portion of the Canadian Tranche Exposure attributable to Canadian Tranche Loans made to and B/As accepted at the request of the Canadian Borrowing Subsidiaries and (C) by the Company or the Euro Borrowing Subsidiaries in US Dollars on such Lender's Euro Tranche Percentage of the US Dollar Equivalent of the aggregate Euro Tranche Exposures. The accrued utilization fees, if any, shall be payable in arrears on the last day of each March, June, September and December and on the Maturity Date. All utilization fees shall be computed on the basis
of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(d) The Company agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Company and the Administrative Agent.

(e) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Agents specified above for distribution, in the case of facility fees and utilization fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. INTEREST. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan denominated in US Dollars) shall bear interest at the Alternate Base Rate.

(b) The Loans comprising each Canadian Base Rate Borrowing (including each Swingline Loan denominated in Canadian Dollars) shall bear interest at the Canadian Base Rate.

(c) The Loans comprising each Eurocurrency Borrowing shall bear interest (i) in the case of a Revolving Borrowing, at the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate, or (ii) in the case of a Eurocurrency Competitive Loan, at the LIBO Rate for the Interest Period in effect for such Borrowing plus (or minus, as applicable) the Margin applicable to such Loan.

(d) Each Fixed Rate Loan shall bear interest at the Fixed Rate applicable to such Loan.

(e) Each Contract Loan shall bear interest at a rate per annum agreed upon between the applicable Borrower and Lender.

(f) Notwithstanding the foregoing, if any principal of or interest on any Loan, any amount owed in respect of any B/A or any fee payable by any Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% per annum plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section, (ii) in the case of any other amount payable in US Dollars, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) above and (iii) in the case of any other amount payable in Canadian Dollars, 2% plus the rate applicable to Canadian Base Rate Loans as provided in paragraph (b) above.

(g) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; PROVIDED that (i) interest accrued pursuant to
paragraph (f) above shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(h) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Canadian Base Rate or the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Canadian Base Rate or LIBO Rate shall be determined by the Applicable Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. ALTERNATE RATE OF INTEREST. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing denominated in any currency:

(a) the Applicable Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Applicable Agent is advised by a majority in interest of the Lenders that would participate in such Borrowing that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Applicable Agent shall give notice thereof to the applicable Borrower and the applicable Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Applicable Agent notifies the applicable Borrower and the applicable Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing denominated in such currency to, or continuation of any Borrowing denominated in such currency as a Eurocurrency Borrowing shall be ineffective, and any Eurocurrency Borrowing denominated in such currency that is requested to be continued shall be repaid on the last day of the then current Interest Period applicable thereto, and (ii) any Borrowing Request for a Eurocurrency Borrowing denominated in such currency shall be ineffective.

SECTION 2.15. INCREASED COSTS. (a) If any Change in Law or the applicability of any Statutory Reserves shall:
(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender; or

(ii) impose on any Lender or the London or Canadian interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender or participations therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan or obtaining funds for the purchase of B/As (or of maintaining its obligation to make any such Loan or to accept and purchase B/As) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Company will pay or cause the other Borrowers to pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender reasonably determines that any Change in Law regarding capital requirements 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 or the Loans made by, such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Company will pay or cause the other Borrowers to pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Each Lender shall determine the amount or amounts necessary to compensate such Lender or such Lender's holding company, as the case may be, as specified in paragraph (a) or (b) of this Section using the methods customarily used by it for such purpose (and if such Lender uses more than one such method, the method used hereunder shall be that which most accurately determines such amount or amounts). A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or such Lender's holding company, as the case may be, as specified in paragraph (a) or (b) of this Section, and setting forth in reasonable detail the calculations used by such Lender to determine such amount, shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay or cause the other Borrowers to pay to such Lender the amount shown as due on any such certificate within 15 Business Days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; PROVIDED that the Company shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law
giving rise to such increased costs or reductions and delivers a certificate with respect thereto as provided in paragraph (c) above; PROVIDED FURTHER that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. BREAK FUNDING PAYMENTS. In the event of (a) the payment of any principal of any Eurocurrency Loan or Fixed Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan to a Loan of a different Type or Interest Period other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan or to issue B/As for acceptance and purchase on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(d) and is revoked in accordance therewith), or (d) the assignment or deemed assignment of any Eurocurrency Loan, or Fixed Rate Loan or the right to receive payment in respect of a B/A other than on the last day of the Interest Period or Contract Period, as the case may be, applicable thereto as a result of a request by the Company pursuant to Section 2.19, then, in any such event, the applicable Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period theretofor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate such Lender would bid were it to bid, at the commencement of such period, for deposits in the applicable currency of a comparable amount and period from other banks in the London interbank market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section, and setting forth in reasonable detail the calculations used by such Lender to determine such amount or amounts, shall be delivered to the applicable Borrower and shall be conclusive absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 15 Business Days after receipt thereof.

SECTION 2.17. TAXES. (a) Any and all payments by or on account of any Borrower in respect of any Obligation hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; PROVIDED that if any Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, the London Agent, the Canadian Agent or the applicable Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such
Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrowers shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The relevant Borrower shall indemnify the Administrative Agent, the London Agent, the Canadian Agent and each Lender, within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by such Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of any Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability setting forth in reasonable detail the circumstances giving rise thereto and the calculations used by such Lender to determine the amount thereof delivered to the Company by a Lender, or by an Agent, on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

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

(e) Any Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which a Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Company (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Company as will permit such payments to be made without withholding or at a reduced rate; PROVIDED that such Lender has received written notice from the Company advising it of the availability of such exemption or reduction and containing all applicable documentation.

SECTION 2.18. PAYMENTS GENERALLY; PRO RATA TREATMENT; SHARING OF SETOFFS. (a) Except as agreed by the relevant Borrower and the applicable Lenders with respect to Contract Loans, each Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest or fees, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon, Local Time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time (or any other applicable
time agreed by the relevant Borrower and the applicable Lenders with respect to Contract Loans) on any date may, in the discretion of the Applicable Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Applicable Agent to the applicable account specified in Schedule 2.18 for the account of the applicable Lenders or, in any such case, to such other account as the Applicable Agent shall from time to time specify in a notice delivered to the Company and the applicable Borrower; PROVIDED that payments to the Swingline Lenders or the applicable Lenders in respect of Contract Loans and payments pursuant to Sections 2.15, 2.16, 2.17 and 10.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein (it being agreed that the Borrowers will be deemed to have satisfied their obligations with respect to payments referred to in this proviso if they shall make such payments to the persons entitled thereto in accordance with instructions provided by the Administrative Agent; the Administrative Agent agrees to provide such instructions upon request, and no Borrower will be deemed to have failed to make such a payment if it shall transfer such payment to an improper account or address as a result of the failure of the Administrative Agent to provide proper instructions). The Applicable Agent shall distribute any such payments received by it for the account of any Lender or other Person promptly, in accordance with customary banking practices, following receipt thereof at the appropriate lending office or other address specified by such Lender or other Person. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder of principal or interest in respect of any Loan shall be made in the currency of such Loan; all other payments hereunder and under each other Loan Document shall be made in US Dollars. Any payment required to be made by an Agent hereunder shall be deemed to have been made by the time required if such Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by such Agent to make such payment. Any amount payable by any Agent to one or more Lenders in the national currency of a member state of the European Union that has adopted the Euro as its lawful currency shall be paid in Euros.

(b) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on its US Tranche Loans, Canadian Tranche Loans, Euro Tranche Loans or participations in Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its US Tranche Loans, Canadian Tranche Loans, Euro Tranche Loans and participations in Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the US Tranche Loans, Canadian Tranche Loans, Euro Tranche Loans and participations in Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be
shared by the Lenders ratably in accordance with the aggregate amount of their respective US Tranche Loans, Canadian Tranche Loans, Euro Tranche Loans and participations in Swingline Loans and accrued interest thereon; PROVIDED that
(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in Swingline Loans to any assignee or participant, other than to the Company or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation. Any purchaser of a participation under this paragraph shall have the benefit of Sections 2.15, 2.16 and 2.17 with respect to the participation purchased, but shall not be deemed by virtue of such purchase to have extended any Commitment that it had not extended prior to such purchase.

(c) Unless the Applicable Agent shall have received notice from the relevant Borrower prior to the date on which any payment is due for the account of all or certain of the Lenders hereunder that such Borrower will not make such payment, the Applicable Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the applicable Lenders, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the applicable Lenders severally agrees to repay to the Applicable Agent forthwith on demand the amount so distributed to it to but excluding the date of payment to the Applicable Agent, at a rate determined by the Applicable Agent in accordance with banking industry practices on interbank compensation.

(d) If any Lender shall fail to make any payment required to be made by it to any Agent pursuant to this Agreement, then the Agents may, in their discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by them for the account of such Lender to satisfy such Lender’s obligations to the Agents until all such unsatisfied obligations are fully paid.

SECTION 2.19. MITIGATION OBLIGATIONS; REPLACEMENT OF LENDERS.
(a) If any Lender requests compensation under Section 2.15, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall consult with the Company
regarding any actions that could be taken to reduce amounts payable under such Sections and the costs of taking such actions and shall, at the request of the Company following such consultations, use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable, direct, out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); PROVIDED that (i) the Company shall have received the prior written consent of the Administrative Agent (and if a US Tranche Commitment or a Canadian Tranche Commitment is being assigned, the Swingline Lenders), which consent shall not be unreasonably withheld and (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee or the Company. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

SECTION 2.20. DESIGNATION OF BORROWING SUBSIDIARIES. The Company may at any time and from time to time designate any Subsidiary as a US Borrowing Subsidiary or a Euro Borrowing Subsidiary or designate any Canadian Subsidiary as a Canadian Borrowing Subsidiary by delivery to the Administrative Agent of a Borrowing Subsidiary Agreement executed by such Subsidiary and the Company, and upon such delivery such Subsidiary shall for all purposes of this Agreement be a US Borrowing Subsidiary, a Euro Borrowing Subsidiary or a Canadian Borrowing Subsidiary, as the case may be, and a party to this Agreement until the Company shall have executed and delivered to the Administrative Agent a Borrowing Subsidiary Termination with respect to such Subsidiary, whereupon such Subsidiary shall cease to be a US Borrowing Subsidiary, a Euro Borrowing Subsidiary or a Canadian Borrowing Subsidiary, as the case may be, and a party to this Agreement. Notwithstanding the preceding sentence, no Borrowing Subsidiary Termination will become effective as to any Borrowing Subsidiary.
at a time when any principal of or interest on any Loan to such Borrowing Subsidiary shall be outstanding hereunder, PROVIDED that such Borrowing Subsidiary Termination shall be effective to terminate the right of such Borrowing Subsidiary, as the case may be, to make further Borrowings under this Agreement. As soon as practicable upon receipt of a Borrowing Subsidiary Agreement, the Administrative Agent shall send a copy thereof to each Lender.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Company and each other Borrower represents and warrants to the Lenders that:

SECTION 3.01. ORGANIZATION; POWERS. The Company and each of the Material Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02. AUTHORIZATION; ENFORCEABILITY. The Transactions are within the Company's and each other Borrower's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by the Company and each other Borrower and constitutes a legal, valid and binding obligation of each of them, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. GOVERNMENTAL APPROVALS; NO CONFLICTS. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Company or any other Borrower or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Company or any Subsidiary or their assets, or give rise to a right thereunder to require any payment to be made by the Company or any Subsidiary, and (d) will not result in the creation or imposition of any Lien on any asset of the Company or any Subsidiary.

SECTION 3.04. FINANCIAL CONDITION; NO MATERIAL ADVERSE CHANGE. 
(a) The Company has heretofore furnished to the Lenders its consolidated balance sheet
and statements of income, stockholders' equity and cash flows as of and for the fiscal year ended June 30, 2003 (the "ANNUAL FINANCIAL STATEMENTS"), reported on by Deloitte & Touche, independent public accountants, certified by its chief financial officer and its consolidated balance sheet and statements of income, stockholders' equity and cash flows as of and for the fiscal quarters ended September 30, 2003, December 31, 2003 and March 31, 2004 (together, the "QUARTERLY FINANCIAL STATEMENTS"), certified by one of its Financial Officers. The Annual Financial Statements and the Quarterly Financial Statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and the consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to, in the case of the Quarterly Financial Statements, normal year-end adjustments and the absence of footnotes.

(b) Since March 31, 2004, there has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of the Company and the Subsidiaries, taken as a whole.

SECTION 3.05. PROPERTIES. The Company and each Material Subsidiary has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes and except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. LITIGATION AND ENVIRONMENTAL MATTERS. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Company, threatened against or affecting the Company and its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement or the Transactions.

(b) Except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of the Company and the Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.07. COMPLIANCE WITH LAWS AND AGREEMENTS. The Company and each Material Subsidiary is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure
to be in compliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. FEDERAL RESERVE REGULATIONS. (a) Neither any Borrower nor any Subsidiary is engaged principally, or as a substantial part of its activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock (within the meaning of Regulation U).

(b) No part of the proceeds of any Loan has been or will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock (as defined in Regulation U of the Board) or to refinance Indebtedness originally incurred for such purpose, or in any manner or for any purpose that has resulted or will result in a violation of Regulation U or X of the Board.

SECTION 3.09. INVESTMENT AND HOLDING COMPANY STATUS. Neither the Borrowers nor any of the Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.10. TAXES. The Company and the Material Subsidiaries have timely filed or caused to be filed all Tax returns and reports required to have been filed and have paid or caused to be paid all Taxes required to have been paid by them, except (a) any Taxes that are being contested in good faith by appropriate proceedings and for which the Company or such Subsidiary has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than US$100,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than US$100,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.12. DISCLOSURE. Neither the Confidential Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of the Borrowers to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder
(as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

**ARTICLE IV**

**CONDITIONS**

SECTION 4.01. EFFECTIVE DATE. This Agreement shall become effective on the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

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

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of James B. Benson, Esq., General Counsel of the Company, substantially in the form of Exhibit C, and covering such other matters relating to the Company, this Agreement or the Transactions as the Required Lenders shall reasonably request. The Company hereby requests such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrowers, the authorization of the Transactions and any other legal matters relating to the Borrowers, this Agreement or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Company, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02 (without giving effect to the parenthetical in such paragraph (a)).

(e) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Company hereunder.
(f) The commitments under the Company’s Amended and Restated 364-Day Credit Agreement dated as of September 30, 2003 shall have been or shall simultaneously be terminated and the principal of and interest accrued on all loans outstanding thereunder and all fees and other amounts accrued or owing thereunder shall have been or shall simultaneously be paid in full.

The Administrative Agent shall notify the Company and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and accept and purchase B/As shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) at or prior to 5:00 p.m., New York City time, on June 30, 2004 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.02. EACH CREDIT EVENT. The obligation of each Lender to make a Loan on the occasion of any Borrowing or to accept and purchase any B/A is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrowers set forth in this Agreement (other than the representations set forth in Sections 3.04(b) and 3.06(a)) shall be true and correct on and as of the date of such Borrowing or acceptance and purchase of B/As.

(b) At the time of and immediately after giving effect to such Borrowing or acceptance and purchase of B/As, no Default shall have occurred and be continuing.

Each Borrowing or acceptance and purchase of B/As shall be deemed to constitute a representation and warranty by the Borrowers on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

SECTION 4.03. INITIAL CREDIT EVENT FOR EACH BORROWING SUBSIDIARY. The obligation of each Lender to make Loans to or accept B/As at the request of any Borrowing Subsidiary is subject to the satisfaction of the following conditions:

(a) The Administrative Agent (or its counsel) shall have received a Borrowing Subsidiary Agreement of such Borrowing Subsidiary duly executed by all parties thereto.

(b) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the formation, existence and good standing of such Borrowing Subsidiary, the authorization of the Transactions insofar as they relate to such Borrowing Subsidiary and any other legal matters relating to such Borrowing
ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan, each amount owed in respect of any B/A, and all fees and other amounts payable hereunder shall have been paid in full, the Company and each other Borrower covenants and agrees with the Lenders that:

SECTION 5.01. FINANCIAL STATEMENTS AND OTHER INFORMATION. The Company will furnish to the Administrative Agent:

(a) within 90 days after the end of each fiscal year of the Company, its audited consolidated balance sheet and related statements of operations, stockholders’ equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, its consolidated balance sheet and related statements of operations, stockholders’ equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Company and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Company certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto;
(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Company or any of its subsidiaries with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by the Company to its shareholders generally, as the case may be;

(e) promptly, but not later than five Business Days after the publication of any change by Moody's or S&P in its Rating, notice of such change; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Company or any of its subsidiaries, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

Reports required to be delivered pursuant to subsections (a), (b) and (d) of this Section 5.01 shall be deemed to have been delivered on the date on which the Company posts such reports on the Company’s website on the Internet at www.adp.com or when such report is posted on the SEC’s website at www.sec.gov; PROVIDED that the Company shall deliver paper copies of the reports referred to in subsection (a), (b) and (d) of this Section 5.01 to the Administrative Agent or any Lender who requests the Company to deliver such paper copies until written notice to cease delivering paper copies is given by the Administrative Agent or such Lender. Notices required to be delivered pursuant to subsection (e) of this Section 5.01 shall be deemed to have been delivered on the date on which the Company posts such information on the Internet at the website www.adp.com or when the publication is first made available by means of Moody's or S&P's (as the case may be) Internet subscription service. The Administrative Agent shall promptly make available to each Lender a copy of the certificate to be delivered pursuant to subsection (c) of this Section 5.01 by posting such certificate on IntraLinks or by other similar means.

SECTION 5.02. NOTICES OF MATERIAL EVENTS. The Company will furnish to the Administrative Agent and each Lender prompt written notice (in any case within 5 Business Days) of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Company or any Subsidiary that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect; and

(c) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.
Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Company setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. EXISTENCE; CONDUCT OF BUSINESS. The Company will, and will cause each other Borrower to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; PROVIDED that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. PAYMENT OF TAXES. The Company will, and will cause each Material Subsidiary to, pay its Tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Company or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. MAINTENANCE OF PROPERTIES. The Company will, and will cause each Material Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.06. BOOKS AND RECORDS; INSPECTION RIGHTS. The Company will keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Company will permit any representatives designated by the Administrative Agent, or by any Lender through the Administrative Agent, at reasonable times and upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers.

SECTION 5.07. COMPLIANCE WITH LAWS. The Company will, and will cause each Material Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, but not limited to, ERISA and environmental laws), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.08. USE OF PROCEEDS. The proceeds of the Loans will be used only for general corporate purposes. No part of the proceeds of any Loan will be used, whether directly or indirectly, to purchase or carry Margin Stock (as defined in Regulation U of the Board) or to refinance Indebtedness originally incurred for such purpose, or in any manner or for any purpose that will result in a violation of Regulation U or X of the Board.
ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees and other amounts payable hereunder have been paid in full, the Company and each other Borrower covenants and agrees with the Lenders that:

SECTION 6.01. LIENS. The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect thereof, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Company or any Subsidiary existing on the date hereof and set forth in Schedule 6.01; PROVIDED that (i) such Lien shall not apply to any other property or asset of any of the Borrowers or any of their Subsidiaries and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Company or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; PROVIDED that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of any of the Company or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on fixed or capital assets acquired, constructed or improved by the Company or any Subsidiary; PROVIDED that (i) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (ii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets and (iii) such security interests shall not apply to any other property or assets of the Company or any Subsidiary;
(e) Liens on securities deemed to exist under repurchase agreements and reverse repurchase agreements entered into by the Company and the Subsidiaries; and

(f) other Liens not expressly permitted by clauses (a) through (d) above; PROVIDED that the sum of (i) the aggregate principal amount of outstanding obligations secured by Liens permitted under this clause (f) and (ii) the Attributable Debt permitted by Section 6.02(b) does not at any time exceed 25% of Consolidated Net Worth.

SECTION 6.02. SALE AND LEASEBACK TRANSACTIONS. The Company will not, and will not permit any of its Subsidiaries to, enter into any Sale and Leaseback Transaction except:

(a) Sale and Leaseback Transactions to which the Borrower or any Subsidiary is a party as of the date hereof; and

(b) other Sale and Leaseback Transactions; PROVIDED that the sum of (i) the aggregate principal amount of outstanding obligations secured by Liens permitted by Section 6.01(f) and (ii) the aggregate Attributable Debt in respect of Sale and Leaseback Transactions permitted by this clause (b) does not at any time exceed 25% of Consolidated Net Worth.

SECTION 6.03. FUNDAMENTAL CHANGES. Neither the Company nor any other Borrower will merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions and including by means of any merger or sale of capital stock or otherwise) all or substantially all of its assets (whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing or would result from such transaction, the Company or any Borrower may merge or consolidate with any Person if (a) the Company or such Borrower, as the case may be, is the surviving Person or (b) the surviving Person (i) is organized under the laws of The United States of America or, in the case of a merger or consolidation of a Borrower other than the Company, the jurisdiction of organization of such Borrower, and (ii) assumes in writing all of the Company's or such Borrower's obligations under this Agreement pursuant to documentation reasonably satisfactory to the Administrative Agent, such satisfaction to be based solely upon the validity and enforceability of the assumption contained in such documentation.

ARTICLE VII

EVENTS OF DEFAULT

If any of the following events ("EVENTS OF DEFAULT") shall occur:
(a) the Company or any other Borrower shall fail to pay any principal of any Loan, or any amount due in respect of any B/A, 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 otherwise;

(b) the Company or any other Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Company or any Borrower in or in connection with this Agreement or any amendment or modification hereof or waiver hereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any amendment or modification hereof or waiver hereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Company or any Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the Company's or such Borrower's existence) or 5.08 or in Article VI;

(e) the Company or any Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or any Lender to the Company;

(f) the Company or any Subsidiary shall default in the payment of any Material Indebtedness when and as due, or any event or condition shall occur that results in any Material Indebtedness becoming due prior to its scheduled maturity; PROVIDED, that if the maturity of any Material Indebtedness of a Person acquired directly or indirectly by the Company after the date hereof shall be accelerated by reason of such acquisition, no Event of Default under this paragraph (f) shall be deemed to have occurred with respect to such Material Indebtedness so long as such acceleration shall have been rescinded, or such Material Indebtedness shall have been repaid, within five Business Days following the date of such acceleration;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Company or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a
receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismessed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Company or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Material Subsidiary or for a substantial part of its assets, (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 or (vi) take any action for the purpose of effecting any of the foregoing; or

(i) the Company or any Material Subsidiary shall become unable, admit in writing its inability, or fail generally, to pay its debts as they become due;

then, and in every such event (other than an event with respect to any Borrower described in clause (g) or (h) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding, and declare an amount equal to the full face amount of all outstanding B/As, to be due and payable in whole (or in part, in which case any principal or other amount not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans and an amount equal to the full face amount of all such outstanding B/As so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrowers accruing hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; and in case of any event with respect to any of the Borrowers described in clause (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding and an amount equal to the full face amount of all outstanding B/As, together with accrued interest thereon and all fees and other obligations of the Borrowers accruing hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers. All amounts due and payable under this Article VII in respect of outstanding B/As shall be paid to the Canadian Agent and held in the Prepayment Account for application as provided in Section 2.11(e).
In order to expedite the transactions contemplated by this Agreement, the Persons named in the heading of this Agreement are hereby appointed to act as Administrative Agent, London Agent and Canadian Agent on behalf of the Lenders. Each of the Lenders and each assignee of any Lender hereby irrevocably authorizes the Agents to take such actions on behalf of such Lender or assignee and to exercise such powers as are delegated to the Agents by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent and, to the extent expressly provided herein, the other Agents are hereby expressly authorized by the Lenders, without hereby limiting any implied authority, and by the Borrowers with respect to clause (c) below, (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 Company of any Event of Default specified in this Agreement of which the 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 Company or any other Borrower pursuant to this Agreement or the other Loan Documents as received by the Administrative Agent.

With respect to the Loans made by it hereunder, each Agent in its individual capacity and not as Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not an Agent, and the Agents and their Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any of the Borrowers or any of their Subsidiaries or other Affiliates thereof as if it were not an Agent.

The Agents shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that such Agent is required to exercise upon receipt of notice in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (c) except as expressly set forth in the Loan Documents, no Agent shall have any duty to disclose, and no Agent shall be liable for the failure to disclose, any information relating to any of the Borrowers or any of their Subsidiaries that is communicated to or obtained by the institution serving as Agent or any of its Affiliates in any capacity. No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of
the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or willful misconduct. No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by a Borrower (in which case such Agent shall give written notice to each other Lender), and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent.

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

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

Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, any Agent may resign at any time by notifying the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Company, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and
the retiring Agent shall be discharged from its duties and obligations hereunder. After the Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

Each Lender agrees (a) to reimburse the Agents, on demand, in the amount of its pro rata share (based on the amount of its Loans and available Commitments hereunder) of any expenses incurred for the benefit of the Lenders by the Agents, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, that shall not have been reimbursed by the Company or any other Borrower and (b) to indemnify and hold harmless each Agent and any of its Related Parties, 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 that may be imposed on, incurred by or asserted against it in its capacity as Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Company or any other Borrower; PROVIDED that no Lender shall be liable to an Agent or any such other indemnified Person for any portion of such liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are determined to have resulted from the gross negligence or willful misconduct of such Agent, and any of its Related Parties or any of their respective directors, officers, employees or agents.

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

None of the Lenders identified on the facing page or signature pages of this Agreement or elsewhere herein as a "co-syndication agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such.
ARTICLE IX

GUARANTEE

In order to induce the Lenders to extend credit to the other Borrowers hereunder, the Company hereby irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the payment when and as due of the Obligations of such other Borrowers. The Company further agrees that the due and punctual payment of such Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any such Obligation.

The Company waives presentment to, demand of payment from and protest to any Borrower of any of the Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of the Company hereunder shall not be affected by (a) the failure of any Agent or Lender to assert any claim or demand or to enforce any right or remedy against any Borrower under the provisions of this Agreement, any other Loan Document or otherwise; (b) any extension or renewal of any of the Obligations; (c) any rescission, waiver, amendment or modification of, or release from, any of the terms or provisions of this Agreement, or any other Loan Document or agreement; (d) any default, failure or delay, willful or otherwise, in the performance of any of the Obligations; or (e) any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of the Company or otherwise operate as a discharge of a guarantor as a matter of law or equity or which would impair or eliminate any right of the Company to subrogation.

The Company further agrees that its agreement hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or collection of any of the Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by any Agent or Lender to any balance of any deposit account or credit on the books of any Agent or Lender in favor of any Borrower or any other Person.

The obligations of the Company hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of any of the Obligations, any impossibility in the performance of any of the Obligations or otherwise.

The Company further agrees that its obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Agent or Lender upon the bankruptcy or reorganization of any Borrower or otherwise.
In furtherance of the foregoing and not in limitation of any other right which any Agent or Lender may have at law or in equity against the Company by virtue hereof, upon the failure of any other Borrower to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Company hereby promises to and will, upon receipt of written demand by any Agent or Lender, forthwith pay, or cause to be paid, to the applicable Agent or Lender in cash an amount equal to the unpaid principal amount of such Obligations then due, together with accrued and unpaid interest thereon. The Company further agrees that if payment in respect of any Obligation shall be due in a currency other than US Dollars and/or at a place of payment other than New York and if, by reason of any Change in Law, disruption of currency or foreign exchange markets, war or civil disturbance or other event, payment of such Obligation in such currency or at such place of payment shall be impossible or, in the reasonable judgment of any Agent or Lender, not consistent with the protection of its rights or interests, then, at the election of the Administrative Agent, the Company shall make payment of such Obligation in US Dollars (based upon the applicable Exchange Rate in effect on the date of payment) and/or in New York, and shall indemnify each Agent and Lender against any losses or reasonable out-of-pocket expenses that it shall sustain as a result of such alternative payment.

Upon payment by the Company of any sums as provided above, all rights of the Company against any Borrower arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full of all the Obligations owed by such Borrower to the Agents and the Lenders.

Nothing shall discharge or satisfy the liability of the Company hereunder except the full performance and payment of the Obligations.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. NOTICES. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to any Borrower, to Automatic Data Processing, Inc., One ADP Boulevard, MS #420, Roseland, NJ 07068-1728, Attention of Treasurer (Telecopy No. 973-974-3320), with a copy to Automatic Data Processing, Inc., One ADP Boulevard, MS #450, Roseland, NJ 07068-1728, Attention of General Counsel (Telecopy No. 973-974-3324);
(b) if to the Administrative Agent, to JPMorgan Chase Bank, Loan and Agency Services Group, 1111 Fannin, Floor 10, Houston, TX 77002, Attention of Maria Giannavola (Telexcopy No. 713-750-2878), with a copy to JPMorgan Chase Bank, 270 Park Avenue, New York, NY 10017, Attention of Tracey Ewing (Telexcopy No. 212-270-4584);

(c) if to the London Agent, to it at J.P. Morgan Europe Limited, Loans Agency Division, 125 London Wall, Floor 9, London, England EC2Y5AJ (Telexcopy No. 44-20-7-777-2360); with a copy to the Administrative Agent as provided in paragraph (b) above;

(d) if to the Canadian Agent, to it at JPMorgan Chase Bank, Toronto Branch, Portfolio Management Associates, Royal Bank Plaza, Floor 18, Toronto, Canada M5J2J2 (Telexcopy No. 416-981-9128); with a copy to the Administrative Agent as provided in paragraph (b) above; and

(e) if to any Lender or Swingline Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto or in the case of a Lender, to the Administrative Agent and the Borrowers. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.02. WAIVERS; AMENDMENTS. (a) No failure or delay by any Agent or any Lender in exercising any right or power hereunder or under any other Loan Document 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 Agents and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or acceptance and purchase of a B/A shall not be construed as a waiver of any Default, regardless of whether any Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Company and the Required Lenders or by the Company and the Administrative Agent with the consent of the
Required Lenders (and, additionally, in each case, if their rights and obligations are affected thereby, the Swingline Lenders) or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Borrowers that are parties thereto, in each case with the consent of the Required Lenders; PROVIDED that no such agreement shall (i) increase any Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or the amount payable in respect of any B/A, reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender adversely affected thereby, (iii) postpone the date of any scheduled payment of the principal amount of any Loan, or any interest thereon, the required date of any payment with respect to any B/A, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender (it being understood that the addition of new tranches of loans or commitments that may be extended under this Agreement shall not be deemed to alter such pro rata sharing of payments), (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be) (except, in each case, to provide for new tranches of loans or commitments that may be extended under this Agreement), (vi) release the Company from, or limit or condition, its obligations under Article IX, without the written consent of each Lender, or (vii) change any provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to Lenders with Commitments of any Class (or holding Obligations arising under such Commitments) differently than those of Lenders with Commitments of any other Class (or holding Obligations arising under such Commitments) without the written consent of Lenders holding a majority in interest of the outstanding Loans, obligations in respect of B/As and unused Commitments of each adversely affected Class; PROVIDED FURTHER that (A) no such agreement shall amend, modify or otherwise affect the rights or duties of any Agent or Swingline Lender hereunder or under any other Loan Document without the prior written consent of such Agent or Swingline Lender and (B) any waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of the US Tranche Lenders (but not the Euro Tranche Lenders or the Canadian Tranche Lenders), the Euro Tranche Lenders (but not the Canadian Tranche Lenders or the US Tranche Lenders), or the Canadian Tranche Lenders (but not the US Tranche Lenders or the Euro Tranche Lenders) may be effected by an agreement or agreements in writing entered into by the Company and requisite percentage in interest of the affected Class of Lenders. Notwithstanding anything else in the Section to the contrary, any amendment of the definition of Applicable Rate pursuant to the final sentence of that definition in Section 1.01 of this Agreement shall not require the written
consent of the each Lender affected thereby, but shall require the written consent of the Company and the Required Lenders.

SECTION 10.03. EXPENSES; INDEMNITY; DAMAGE WAIVER. (a) The Company shall pay (i) all reasonable out-of-pocket expenses incurred by the Agents and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Agents and such Affiliates, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by any Agent or any Lender, including the reasonable fees, charges and disbursements of any counsel for any Agent or any Lender, in connection with the enforcement or protection of its rights under any Loan Document, including its rights under this Section, or in connection with the Loans made or the B/As accepted and purchased, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Company shall indemnify each Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, liabilities, out-of-pocket costs or expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) any transaction or proposed transaction (whether or not consummated) in which any proceeds of any Borrowing or purchase of B/As hereunder are applied or proposed to be applied, directly or indirectly, by any of the Borrowers or their Subsidiaries, (ii) any Loan or B/A Drawing or the use of the proceeds therefrom or (iii) the execution, delivery or performance by any of the Borrowers and their Subsidiaries of the Loan Documents, or any actions or omissions of a Borrower or any of its Subsidiaries in connection therewith; PROVIDED that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, liabilities, costs or expenses shall have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Company fails to pay any amount required to be paid by it to any Agent or any Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to such Agent or Swingline Lender such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; PROVIDED that the unreimbursed loss, liability, cost or expense, as the case may be, was incurred by or asserted against such Agent or Swingline Lender in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum (without duplication) of the total Exposures (including B/As) and unused Commitments at the time.
(d) To the extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable within 15 Business Days after receipt by the Company of a reasonably detailed invoice therefor.

SECTION 10.04. SUCCESSORS AND ASSIGNS. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Company nor any Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans or other amounts at the time owing to it); PROVIDED that (i) (A) except in the case of an assignment to a Lender, an Affiliate of a Lender or a Related Fund of any Lender, the Company (so long as no Event of Default has occurred and has been continuing for 30 days) and (B) the Administrative Agent must give their prior written consent to such assignment (which consents referred to in (A) and (B) shall not be unreasonably withheld or delayed), (ii) except in the case of an assignment to a Lender, an Affiliate of a Lender or a Related Fund of any Lender or an assignment of the entire remaining amount of the assigning Lender's Commitments and outstanding Loans, the US Dollar Equivalent of the Commitments and outstanding Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than US$10,000,000 unless each of the Company and the Administrative Agent otherwise consent, (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of US$3,500 and (iv) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and provided further that any consent of the Company otherwise required under this paragraph shall not be required if an Event of Default referred to in clause (i) of Article VII has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance
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 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 of the 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 2.15, 2.16, 2.17 and 10.03). Any assignment or transfer by a Lender of rights or obligations
under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a
participation in such rights and obligations in accordance with paragraph (e) of this Section.

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

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's
completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred
to in paragraph
(b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept
such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of
this Agreement unless it has been made in compliance with this Agreement as provided in this paragraph.

(e) Any Lender may, without the consent of any Borrower or the Administrative Agent or any Swingline Lender, sell participations to one or
more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a
portion of its Commitment and the Loans owing to it); PROVIDED 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 and (iii) the
Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such
Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a
participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; PROVIDED that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i), (ii), (iii) or (vi) of the first proviso to Section 10.02(b) that affects such Participant. Subject to paragraph (f) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant so provides and is made with the Company's prior written consent. A Participant shall not be entitled to the benefits of Section 2.17 unless the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 2.17 (e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or, in the case of a Lender that is an investment fund, to the trustee under the indenture to which such fund is a party, and this Section shall not apply to any such pledge or assignment of a security interest; PROVIDED that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.05. SURVIVAL. All covenants, agreements, representations and warranties made by the Borrowers herein or in any other Loan Document or in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto or thereto and shall survive the execution and delivery of this Agreement and any other Loan Document and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, 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 or any other Loan Document is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17, 10.03 and 10.12 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans and the Commitments or
the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 10.06. COUNTERPARTS; INTEGRATION; EFFECTIVENESS. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.07. SEVERABILITY. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.08. RIGHT OF SETOFF. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower against any of and all the obligations of such 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. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.09. GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

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

(c) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. 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.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. 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 ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. 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 shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.
agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates’ directors, officers, employees and agents, including accountants, legal counsel and other advisors, to Related Funds’ directors and officers and to any direct or indirect contractual counterparty in swap agreements (it being understood that each Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) to the extent required or advisable in the judgment of counsel in connection with any suit, action or proceeding relating to the enforcement of rights of the Agents or the Lenders against the Borrowers under this Agreement or any other Loan Document, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Company or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section of which such Agent or Lender is aware or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Company other than as a result of a breach of this Section of which such Agent or Lender is aware. For the purposes of this Section, “Information” means all information received from the Company relating to the Company or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Company other than as a result of a breach of this Section of which such Agent or Lender is aware. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.12. CONFIDENTIALITY. Each Agent and each Lender

SECTION 10.13. CONVERSION OF CURRENCIES. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of each Borrower in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the "Applicable Creditor") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum is stated to be due hereunder (the "Agreement Currency")
Currency”), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrowers contained in this Section 10.13 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

SECTION 10.14. INTEREST RATE LIMITATION. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan or any B/A Drawing under applicable law (collectively the “Charges”), shall exceed the maximum lawful rate (the “MAXIMUM RATE”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan or accepting such B/A in accordance with applicable law, the rate of interest payable in respect of such Loan or B/A Drawing hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan or B/A Drawing but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or B/A Drawings shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon (a) at the Federal Funds Effective Rate in the case of US Dollar denominated amounts, (b) at the Canadian Base Rate in the case of Canadian dollar denominated amounts, to the date of repayment, or (c) at a rate determined by the Administrative Agent to represent the applicable Lenders’ cost of funds in the case of Euro denominated amounts, shall have been received by such Lender.

SECTION 10.15. USA PATRIOT ACT. Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “ACT”), it is required to obtain, verify and record information that identifies such Borrower, which information includes the name and address of such Borrower and other information that will allow such Lender to identify such Borrower in accordance with the Act.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

AUTOMATIC DATA PROCESSING, INC.,

by /s/ Raymond L. Colotti

----------------------------------
Name: Raymond L. Colotti
Title: Corporate VP and Treasurer
J.P. MORGAN EUROPE LIMITED,
    as London Agent,

by /s/ Nichola Hall
   ------------------------
Name:    Nichola Hall
Title:   Associate

by /s/ Stephen Gillies
   ------------------------
Name:    Stephen Gillies
Title:   Associate
JPMORGAN CHASE BANK, TORONTO BRANCH,
as Canadian Agent,

by /s/ Christine Chan

-----------------------------------
Name: Christine Chan
Title: Vice President
SIGNATURE PAGE TO THE
AUTOMATIC DATA PROCESSING, INC.
FIVE-YEAR CREDIT AGREEMENT
DATED AS OF JUNE 30, 2004

Name of Institution:

ABN AMRO BANK N.V.

by /s/ Terrence J. Ward

Name: Terrence J. Ward
Title: Senior Vice President

by(1) /s/ Peter J. Hallan

Name: Peter J. Hallan
Title: Vice President

Name of Institution:

BANCA DI ROMA - NEW YORK BRANCH

by /s/ Alessandro Paoli

Name: Alessandro Paoli
Title: Vice President

by(1) /s/ Claudio Perna

Name: Claudio Perna
Title: Executive Vice President

(1) The second signature block is for the use of those Lenders that require two signatures.
(1) The second signature block is for the use of those Lenders that require two signatures.
Name of Institution:

BNP PARIBAS

by /s/ Jerome d'Humieres

Name:  Jerome d'Humieres
Title:  Vice President

by(1) /s/ Richard Pace

Name:  Richard Pace
Title:  Managing Director

Name of Institution:

CITICORP USA, INC.

by /s/ William Martens

Name:  William Martens
Title:  Vice President

Name of Institution:

DEUTSCHE BANK AG · NEW YORK BRANCH

by /s/ William W. McGinty

Name:  William W. McGinty
Title:  Director

by(1) /s/ Deepak Menghrajani

Name:  Deepak Menghrajani
Title:  Vice President

(1) The second signature block is for the use of those Lenders that require two signatures.
HSBC BANK USA

by /s/ David Wagstaff
-----------------------------
Name: David Wagstaff
Title: Senior Vice President

ING LUXEMBOURG SA

by /s/ Vincent Vermeire
-----------------------------
Name: Vincent Vermeire
Title: Head of Corporate and Institutional Banking

by(1) /s/ Yves Verhulst
-----------------------------
Name: Yves Verhulst
Title: Manager Corporate and Institutional Banking

KEYBANK NATIONAL ASSOCIATION

by /s/ Jeff Kalinowski
-----------------------------
Name: Jeff Kalinowski
Title: Vice President

(1) The second signature block is for the use of those Lenders that require two signatures.
Name of Institution:

THE NORTHERN TRUST COMPANY

by /s/ Chris McKeen

Name: Chris McKeen
Title: Vice President

Name of Institution:

PNC BANK, NATIONAL ASSOCIATION

by /s/ Michael Nardo

Name: Michael Nardo
Title: Managing Director

Name of Institution:

ROYAL BANK OF CANADA

by /s/ Suzanne Kaicher

Name: Suzanne Kaicher
Title: Attorney-in-Fact
Name of Institution:

SANPAOLO IMI S.p.A.

by /s/ Carlo Persico

Name: Carlo Persico
Title: C.E.O. for the Americas

by /s/ Luca Sacchi

Name: Luca Sacchi
Title: Vice President

(1) The second signature block is for the use of those Lenders that require two signatures.

by /s/ Ambrish D. Thanawala

Name: Ambrish D. Thanawala
Title: Director

Name of Institution:

SOCIETE GENERALE

by /s/ Ambrish D. Thanawala

Name: Ambrish D. Thanawala
Title: Director

Name of Institution:

SUN TRUST BANK

by /s/ Jack Mackmull

Name: Jack Mackmull
Title: Director
Name of Institution:

UNION BANK OF CALIFORNIA, N.A.

by /s/ Clifford F. Cho

Name: Clifford F. Cho
Title: Assistant Vice President

Name of Institution:

U.S. BANK NATIONAL ASSOCIATION

by /s/ Gregory L. Dryden

Name: Gregory L. Dryden
Title: Senior Vice President

Name of Institution:

WACHOVIA BANK, NATIONAL ASSOCIATION

by /s/ Karin E. Samuel

Name: Karin E. Samuel
Title: Vice President

Name of Institution:

WELLS FARGO BANK, N.A.

by /s/ Peter M. Angelica

Name: Peter M. Angelica
Title: Vice President
### Selected Financial Data

*(In thousands, except per share amounts)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$ 7,754,942</td>
<td>$ 7,147,017</td>
<td>$ 7,004,263</td>
<td>$ 6,853,652</td>
<td>$ 6,168,432</td>
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<tr>
<td>Earnings before income taxes</td>
<td>$ 1,494,530</td>
<td>$ 1,645,200</td>
<td>$ 1,786,970</td>
<td>$ 1,525,010</td>
<td>$ 1,289,600</td>
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<tr>
<td>Net earnings</td>
<td>$ 935,570</td>
<td>$ 1,018,150</td>
<td>$ 1,100,770</td>
<td>$ 924,720</td>
<td>$ 840,800</td>
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<tr>
<td>Pro forma net earnings*</td>
<td>$ 971,680</td>
<td>$ 881,890</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$ 1.58</td>
<td>$ 1.70</td>
<td>$ 1.78</td>
<td>$ 1.47</td>
<td>$ 1.34</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$ 1.56</td>
<td>$ 1.68</td>
<td>$ 1.75</td>
<td>$ 1.44</td>
<td>$ 1.31</td>
</tr>
<tr>
<td>Pro forma basic earnings per share*</td>
<td>$ 1.54</td>
<td>$ 1.41</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pro forma diluted earnings per share*</td>
<td>$ 1.51</td>
<td>$ 1.37</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic average shares outstanding</td>
<td>591,697</td>
<td>600,071</td>
<td>618,857</td>
<td>629,035</td>
<td>626,766</td>
</tr>
<tr>
<td>Diluted average shares outstanding</td>
<td>598,749</td>
<td>605,917</td>
<td>630,579</td>
<td>645,989</td>
<td>646,098</td>
</tr>
<tr>
<td>Cash dividends per share</td>
<td>$.5400</td>
<td>$.4750</td>
<td>$.4475</td>
<td>$.3950</td>
<td>$.3388</td>
</tr>
<tr>
<td>Return on equity</td>
<td>17.3%</td>
<td>19.4%</td>
<td>22.4%</td>
<td>19.9%</td>
<td>19.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>At year end:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and marketable securities</td>
</tr>
<tr>
<td>Working capital</td>
</tr>
<tr>
<td>Total assets before funds held for clients</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
<tr>
<td>Long-term debt</td>
</tr>
<tr>
<td>Stockholders' equity</td>
</tr>
</tbody>
</table>

*Pro forma net earnings and earnings per share reflect the impact relating to the July 1, 2001 adoption of Statement of Financial Accounting Standards No. 142, which eliminated goodwill amortization.*
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Description of the Company and Business Segments

Automatic Data Processing, Inc. ("ADP" or the "Company") provides technology-based outsourcing solutions to employers, the brokerage and financial services community and vehicle retailers and their manufacturers. The Company's major business segments are: Employer Services, Brokerage Services and Dealer Services. A brief description of each segment's operations is provided below.

Employer Services

Employer Services offers a comprehensive range of payroll processing, human resource ("HR") and benefit administration products and services, including traditional and Web-based outsourcing solutions, that assist over 478,000 employers in the United States, Canada, Europe, South America (primarily Brazil), Australia and Asia to staff, manage, pay and retain their employees. Employer Services categorizes its services between traditional payroll and payroll tax, and "beyond payroll." The traditional payroll and payroll tax business represents the Company's core payroll processing and payroll tax filing business. The "beyond payroll" business represents the products that extend beyond the traditional payroll and payroll tax filing services, such as the Professional Employer Organization (PEO) business, TotalPay, Time and Labor Management, and benefit and retirement administration. Within Employer Services, the Company collects client funds and remits such funds to tax authorities for payroll tax filing and payment services and to employees of payroll services clients.

Brokerage Services

Brokerage Services provides transaction processing services, desktop productivity applications and investor communications services to the financial services industry worldwide. Brokerage Services' products and services include:
(i) global order entry, trade processing and settlement systems that enable firms to trade virtually any financial instrument, in any market, at any time;
(ii) full-service investor communications services including: electronic delivery and Web solutions; workflow services; financial, offset, and on-demand printing; proxy distribution and vote processing; householding; regulatory mailings; fulfillment; and customized communications;
(iii) automated, browser-based desktop productivity tools for financial consultants and back-office personnel; and (iv) integrated delivery of multiple products and services through ADP's Global Processing Solution.

Dealer Services

Dealer Services provides integrated dealer management computer systems (such a system is also known in the industry as a "DMS") and other business performance solutions to automotive retailers and their manufacturers throughout North America and Europe. More than 17,000 automobile, heavy truck and powersports (i.e., motorcycle, marine and recreational) vehicle retailers use our DMS, networking solutions, data integration, consulting and/or marketing services.

Executive Overview

Consolidated revenues in fiscal 2004 grew 9% to $7.8 billion, compared to $7.1 billion in fiscal 2003. Earnings before income taxes and net earnings declined 9% and 8%, respectively. Diluted earnings per share of $1.56 declined 7% from $1.68 per share in fiscal 2003 on fewer shares outstanding. During fiscal 2004, we acquired approximately 15.8 million of our shares for treasury for approximately $649 million. Operating cash flows were $1.4 billion for the year as compared to $1.6 billion in fiscal 2003, and cash and marketable securities were $2.1 billion at June 30, 2004.

We concluded fiscal 2004 in line with our expectations. Employer Services' revenues grew 10% for the full year. There was positive momentum in new business sales during the second half of fiscal 2004 which resulted in 6% sales growth for the full year. The number of employees on our clients' payrolls in our Majors Market in the United States, "pays per control," grew 0.4% for the full year. Average client fund balances were strong with 24% growth for the year, half of which was contributed by last year's acquisition of ProBusiness Services, Inc. Brokerage Services' revenues grew 3% for the year. Our full year results in Brokerage Services were helped by 15% growth in investor communications pieces delivered, reflecting more holders of equities and incremental activity from the recent mutual fund regulatory activity. Dealer Services' revenues grew 9% for the full year supported by strong sales growth of 13% for the year.

In fiscal 2004, we spent about $170 million on what we have described as "incremental investments." This incremental spending was targeted at revenue growth opportunities as well as costs to scale back or exit lower growth areas. These expenses consisted primarily of $45 million of employer of choice initiatives (mostly associate compensation), $35 million of expenses relating to our salesforce (mostly additional salesforce, training, sales meetings and marketing expenses), $30 million of severance and facility exit costs, and expenses relating to maintaining our products and services. On an ongoing basis we expect that these expenses will continue at $180 million on a full year basis.

Our outlook for fiscal 2005 is positive. We are beginning to see the benefit of our investments in our associates, products and services and our salesforce. Our associate retention is good at almost 90% retention worldwide. Client retention is excellent across all businesses and especially in Dealer Services and Employer Services. In Employer Services, we improved retention almost one percentage point in fiscal 2004 compared to record levels a year ago. We are gaining momentum in sales, particularly in Employer Services and Dealer Services where, in both businesses, we finished fiscal 2004 strong and have double-digit sales growth expectations for fiscal 2005.
Our fiscal 2005 guidance is for mid-single digit revenue growth and double-digit earnings per share growth. The forecast is based on current economic conditions. We are assuming no further improvement in "pays per control," and a 3% increase in investor communications pieces delivered with lower mutual fund mailings related to regulatory activity. At the end of fiscal 2004, we reached an agreement to acquire the U.S. Clearing and BrokerDealer Services divisions of Bank of America Corporation, which provide third-party clearing operations. We anticipate closing this acquisition before the end of the calendar year with about $.01 dilution in fiscal 2005.

Although we are forecasting double-digit earnings per share growth for fiscal 2005, we expect to start the year slower with lower growth early in the year. We expect earnings growth to accelerate throughout the year as we anticipate more favorable interest rate comparisons and we anniversary investment spending levels that increased throughout fiscal 2004.

Results of Operations
Analysis of Consolidated Operations

(In millions, except per share amounts)

<table>
<thead>
<tr>
<th>Years ended June 30,</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>----------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$7,755</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$6,260</td>
</tr>
<tr>
<td>Earnings before income taxes</td>
<td>$1,495</td>
</tr>
<tr>
<td>Margin</td>
<td>19.3%</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$559</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>37.4%</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$936</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$1.56</td>
</tr>
</tbody>
</table>

Fiscal 2004 Compared to Fiscal 2003

Revenues

Our consolidated revenues for the year ended June 30, 2004 grew 9% to $7.8 billion primarily due to increases in Employer Services of 10% to $4.8 billion, Dealer Services of 9% to $890 million and Brokerage Services of 3% to $1.7 billion. Our consolidated revenues, excluding the impact of acquisitions and divestitures, grew 6% in the fiscal year ending June 30, 2004 as compared with the prior year. Revenue growth for the fiscal year was also favorably impacted by $144 million, or 2%, due to fluctuations in foreign currency exchange rates.

Our fiscal 2004 consolidated revenues include interest on funds held for clients of $355 million, as compared to $369 million in fiscal 2003. The decrease in the consolidated interest earned on funds held for clients resulted from the decrease in interest rates in the current year, offset by the increase of 24% in our average client fund balances to $11.1 billion. The difference between the 4.5% standard rate allocation in Employer Services and the actual interest earned is a reconciling item that eliminates in consolidation and reduces revenues by $140 million in fiscal 2004 and $41 million in fiscal 2003.

Expenses

Our consolidated expenses for fiscal 2004 increased by $759 million, from $5.5 billion to $6.3 billion. The increase in our consolidated expenses is primarily due to our increase in revenues, including the additional expenses related to acquisitions, and expenses relating to our incremental investments of $170 million. The incremental investments were targeted at revenue growth opportunities as well as costs to scale back or exit lower growth areas. These expenses consisted primarily of $45 million of employer of choice initiatives (mostly associate compensation), $35 million of expenses relating to our workforce (mostly additional workforce, training, sales meetings and marketing expenses), $30 million of severance and facility exit costs, and expenses relating to maintaining our products and services. In addition, consolidated expenses increased by $115 million, or 2%, due to fluctuations in foreign currency exchange rates. Operating expenses increased by $429 million, or 14%, primarily due to the increase in consolidated revenues. Selling, general and administrative expenses increased by $145 million to $1.9 billion primarily due to the additional compensation expenses incurred relating to our employer of choice initiatives and the additional workforce added during fiscal 2004. Systems development and programming costs increased by $82 million to $581 million due to continued investments in sustaining our products, primarily in our Employer Services business, and the maintenance of our existing technology throughout all of our businesses. Depreciation and amortization expenses increased by $32 million to $307 million due to an increase in amortization of intangible assets primarily from the increase in software licenses acquired with our fiscal 2004 and fiscal 2003 acquisitions. In addition, other income, net, decreased $71 million due to a decline in interest income on corporate funds of $39 million resulting from lower investment yields and the net realized losses of $8 million in fiscal 2004 as compared to the net realized gains of $30 million.
million in fiscal 2003 on our available-for-sale securities.

**Earnings Before Income Taxes**

Earnings before income taxes decreased by $151 million, or 9%, to $1.5 billion for the fiscal year primarily due to the investment spending relating to our employer of choice initiatives, investments in our salesforce and costs to maintain our products and services, which impacted all of our business segments, the integration of certain fiscal 2003 acquisitions, and a decrease in investment income on client fund balances and corporate funds of $90 million, primarily due to the lower interest rates during fiscal 2004.

**Provision for Income Taxes**

Our effective tax rate for fiscal 2004 was 37.4% as compared to 38.1% for fiscal 2003. The decrease is attributable to a favorable mix in income among tax jurisdictions and favorable settlements of state income tax examinations.

**Net Earnings**

Fiscal 2004 net earnings decreased 8% to $936 million from $1.0 billion and the related diluted earnings per share decreased 7% to $1.56. The decrease in net earnings reflects the decrease in earnings before income taxes, slightly offset by a lower effective tax rate. The decrease in diluted earnings per share reflects the decrease in net earnings, partially offset by fewer shares outstanding due to the repurchase of approximately 15.8 million shares for approximately $649 million in fiscal 2004, and approximately 27.4 million shares for approximately $939 million in fiscal 2003.

**Fiscal 2003 Compared to Fiscal 2002**

**Revenues**

Our consolidated revenues grew 2% to $7.1 billion in fiscal 2003, primarily due to an increase in Employer Services of 5% to $4.4 billion and an increase in Dealer Services of 11% to $813 million. These increases were offset by a decrease in our Brokerage Services business of 9%, or $167 million. Our revenue growth was impacted primarily by continued weak economic conditions impacting our Employer Services and Brokerage Services businesses and our interest income. Revenue growth for the fiscal year was also favorably impacted by $111 million, or 2%, due to fluctuations in foreign currency exchange rates.

Our fiscal 2003 consolidated revenues include interest on funds held for clients of $369 million, as compared to $431 million in fiscal 2002. The decrease in the consolidated interest earned on funds held for clients resulted from the decrease in interest rates in fiscal 2003, offset by the increase of 7% in our average client fund balances to $8.9 billion. The difference between the 4.5% standard rate allocation in Employer Services and the actual interest earned is a reconciling item that eliminates in consolidation and reduces revenues by $41 million in fiscal 2003 and increases revenues by $50 million in fiscal 2002.

**Expenses**

Selling, general and administrative expenses grew 9% to $1.8 billion and include approximately $60 million of restructuring charges relating to exiting of certain businesses and cost reduction efforts in certain slow growth businesses, most of which occurred in the fourth quarter of fiscal 2003. The restructuring was primarily severance costs, including charges to exit our medical claims business within Claims Services and a small payroll business servicing primarily government agencies, separate from our core payroll business, in the United Kingdom. Operating expenses increased 4% to $3.1 billion, primarily driven by revenue growth in Employer Services and Dealer Services. Systems development and programming costs increased 5% to $499 million due to continued investment in sustaining our products, primarily in our Employer Services business, and the maintenance of our existing technology throughout all of our businesses. Depreciation and amortization expense decreased 2% to $275 million due to a decrease in capital expenditures of approximately $12 million in fiscal 2003 and $40 million in fiscal 2002. Other income for the year increased to $127 million, or 12%, from the prior year due to an increase in our net realized gains associated with our investment portfolio of $13.1 million. In addition, consolidated expenses increased by $97 million, or 2%, due to fluctuations in foreign currency exchange rates.

**Earnings Before Incomes Taxes**

Earnings before income taxes in fiscal 2003 decreased 8% to $1.6 billion as total expenses grew at a faster rate than revenues. This decrease primarily reflects the 35% decrease in earnings before income taxes in Brokerage Services. While we focused on cost containment initiatives throughout the fiscal years ended June 30, 2002 and 2003 to bring our expense structure in line with our slower revenue growth, our Brokerage Services' cost reductions did not offset the 9% decline in revenues in this business.

**Provision for Income Taxes**

Our effective tax rate for fiscal 2003 was 38.1%, a decrease of 0.3% from fiscal 2002. The decrease is attributable to a favorable mix in income among tax jurisdictions.
Net Earnings

Fiscal 2003 net earnings decreased 8% to $1.0 billion and the related diluted earnings per share decreased 4% to $1.68. The decrease in net earnings primarily reflects the decrease in earnings before income taxes, slightly offset by a lower effective tax rate. The decrease in diluted earnings per share reflects the decrease in net earnings, partially offset by fewer shares outstanding due to the repurchase of approximately 27.4 million shares for approximately $939 million during fiscal 2003 and approximately 17.4 million shares for approximately $875 million during fiscal 2002 and the lower impact of stock options on dilution during fiscal 2003.

Analysis of Business Segments

Revenues

![Revenues Table]

Earnings Before Income Taxes

![Earnings Before Income Taxes Table]

Major Business Units

Certain revenues and expenses are charged to the business units at a standard rate for management reasons. Other costs are recorded based on management responsibility. As a result, various income and expense items, including certain non-recurring gains and losses, are recorded at the corporate level.

The fiscal 2003 and 2002 business unit revenues and earnings before income taxes have been adjusted to reflect updated fiscal year 2004 budgeted foreign exchange rates. This adjustment is made for management purposes so that the business unit revenues are presented on a consistent basis without the impact of fluctuations in foreign currency exchange rates. This adjustment is eliminated in consolidation and as such represents a reconciling item to revenues and earnings before income taxes.

In addition, Employer Services' fiscal 2003 and 2002 revenues and earnings before income taxes were adjusted to include interest income earned on funds held for clients at a standard rate of 4.5%. Prior to fiscal 2004, Employer Services was credited with interest earned on client funds at 6.0%. Given the decline in interest rates over recent years, the standard rate has been changed to 4.5%. This adjustment is made for management reasons so that the interest earned on client funds at Employer Services is presented on a consistent basis without the impact of fluctuations in interest rates. This adjustment is eliminated in consolidation and as such represents a reconciling item to revenues and earnings before income taxes.

The business unit results also include a cost of capital charge related to the funding of acquisitions and other investments. This charge is eliminated in consolidation and as such represents a reconciling item to earnings before income taxes.

Employer Services

![Employer Services Table]
Revenues

Employer Services' revenues increased 10% in fiscal 2004 primarily due to revenues from fiscal 2003 acquisitions, strong client retention, new business sales, price increases and interest earned on client fund balances. Internal revenue growth, which represents revenue growth excluding the impact of acquisitions and divestitures, was approximately 5% for the fiscal year. Our client retention in the United States continues to be excellent, improving almost one percentage point from record retention levels in fiscal 2003. New business sales, which represent the annualized recurring revenues anticipated from sales orders to new and existing clients, increased 6% to approximately $750 million in fiscal 2004. Interest income is credited to Employer Services at a standard rate of 4.5%. The average client funds balance was $11.1 billion during fiscal 2004, representing an increase of 24%, of which about one-half was related to the June 2003 acquisition of ProBusiness Services, Inc. Revenues from our "beyond payroll" products continued to grow at a faster rate than the traditional payroll and payroll tax revenues. Our Professional Employer Organization (PEO) revenues grew 28% to $467 million primarily due to 10% growth in the number of PEO worksite employees and additional pass-through benefit and workers' compensation costs. In addition, "beyond payroll" revenues increased due to increased number of clients utilizing services, such as Time and Labor Management and TotalPay Services.

Earnings Before Income Taxes

Earnings before income taxes in Employer Services decreased 7% for the fiscal year due primarily to our investment spending relating to our employer of choice initiatives, investments in our salesforce and costs to maintain our products and services totaling approximately $138 million. In addition, earnings before income taxes declined approximately 3% as a result of the integration of certain fiscal 2003 acquisitions. These decreases were offset by the increase in earnings before income taxes of approximately 9% as a result of revenue growth and operating efficiencies.

Fiscal 2003 Compared to Fiscal 2002

Revenues

Employer Services' revenues grew 5% in fiscal 2003 when compared to fiscal 2002. Despite the negative impacts of the weak economy in fiscal 2003, Employer Services grew primarily due to the increases in our U.S. payroll and payroll tax businesses, as well as strong growth in our "beyond payroll" products, including our PEO business. Internal revenue growth was approximately 5% for the fiscal year. Client retention improved 1% from the prior year; however, pays per control decreased 1% for the year. New business sales, which represent the annualized recurring revenues anticipated from sales orders to new and existing clients, decreased 2% to approximately $710 million in fiscal 2003. Interest income is credited to Employer Services at a standard rate of 4.5%. The average client funds balance was $8.9 billion during fiscal 2003, representing an increase of 7%. Our "beyond payroll" revenues increased due to the growth in our PEO revenues of 37% to $366 million primarily due to the 13% growth in the number of PEO worksite employees and additional pass-through benefit and workers' compensation costs.

Earnings Before Income Taxes

Earnings before income taxes grew 8% as a result of the 5% increase in revenues and our cost containment efforts of reducing headcount to properly align our cost structure with our existing businesses, which contributed approximately 3% to the increase.

On June 20, 2003, we acquired all of the outstanding shares of ProBusiness Services, Inc. for cash of approximately $517 million, net of cash acquired.

Brokerage Services

Fiscal 2004 Compared to Fiscal 2003

Revenues

Brokerage Services' revenues increased 3% for fiscal 2004 when compared to fiscal 2003 primarily due to an increase in certain investor communications activity offset by continued industry consolidations which reduced our trade processing revenues. Revenues from investor communications increased by $83 million, or 7%, to $1.2 billion primarily due to increases in the volume of our proxy and interim communications services, as well as our distribution services for confirmations, statements, and pre- and post-sale mutual fund documents. Our proxy and interim communication pieces delivered increased 15%, from 755 million to 865 million, stemming from more holders of equities and incremental activity from recent mutual fund industry regulatory activity. Stock record growth, which is a measure of how many stockholders own a security compared with the prior year and a key factor in the number of pieces delivered, increased 4% in fiscal 2004 as compared to a 1% decline in fiscal 2003. Our distribution services' revenue increased $35 million primarily due to the increase in the amount of pre- and post-sale mutual fund pieces delivered. Our back-office trade processing revenues declined by $12 million to $343 million primarily due to an 11% decline in the average revenue per trade. The average revenue per trade was primarily impacted by industry consolidations, our client mix, and volume processed under tier pricing agreements. The decline in the average revenue per trade was partially offset by an increase in average trades per day of 6%, from 1.32 million to 1.39 million, primarily due to net new business sales and internal growth.
Earnings Before Income Taxes

Earnings before income taxes increased 5% primarily due to our cost containment efforts in our underperforming businesses and increased revenues in our investor communications activities. Our ability to eliminate unprofitable business lines and properly align our cost structure with the slower growth levels of our underperforming businesses contributed approximately $19 million to earnings before income taxes. These increases were offset by the decline in earnings before income taxes from our trade processing services, primarily due to industry consolidations. In addition, our earnings before income taxes were negatively impacted by our incremental investments in our products and services and employer of choice initiatives that totaled approximately $14 million during the fiscal year.

Fiscal 2003 Compared to Fiscal 2002

Revenues

Brokerage Services' revenues declined 9% in fiscal 2003 when compared to fiscal 2002 primarily due to continued industry consolidations that reduced our trade processing revenues and a decrease in certain investor communications activity. Trade processing revenues declined by $93 million to $356 million due to a 13% decline in trades per day from 1.51 million in fiscal 2002 to 1.32 million in fiscal 2003. Revenues per trade also declined by 12% due primarily to the change in the mix of retail vs. institutional trades, industry consolidations and pricing pressures. Revenues from our investor communications decreased by $55 million to $1.1 billion, primarily due to a 6% decline in pieces delivered from 806 million in fiscal 2002 to 754 million in fiscal 2003. Stock record growth decreased 1% in fiscal 2003.

Earnings Before Income Taxes

Earnings before income taxes declined 35% primarily due to the decline in revenues and an increase in selling, general and administrative expenses of approximately $15 million relating to severance costs and expenses relating to potential acquisitions. During fiscal 2003, we focused on cost reductions in our underperforming businesses in order to properly align our cost structure with the slower growth levels expected in fiscal 2004.

Dealer Services

Fiscal 2004 Compared to Fiscal 2003

Revenues

Dealer Services' revenues increased 9% in fiscal 2004 when compared to fiscal 2003. Internal revenue growth was approximately 8% for the fiscal year. Revenues increased for our dealer business systems in North America by $62 million to $730 million due to new product growth in our traditional core businesses. The new product growth accounted for approximately 60% of the increase in revenue for the fiscal year and is primarily driven by increased users for Application Service Provider (ASP) managed services, new network installations, and strong market acceptance of our Customer Relationship Management (CRM) product.

Earnings Before Income Taxes

Earnings before income taxes grew 6% primarily due to the increase in revenues of our traditional core business which contributed approximately 15% to earnings before income taxes. These increases were partially offset by our incremental investments in our products and services and employer of choice initiatives which totaled approximately $10 million during the fiscal year.

Fiscal 2003 Compared to Fiscal 2002

Revenues

Dealer Services' revenues increased 11% in fiscal 2003 when compared to fiscal 2002 due to the increase in revenue of $79 million, to $665 million, for our dealer business systems in North America. Internal revenue growth was approximately 8% for the fiscal year. Revenue growth was generated by strong client retention as well as growth from new services, primarily ASP managed services, Networking and Computer Vehicle Registration. Further, sales of our CRM products were strong.

Earnings Before Income Taxes

Earnings before income taxes grew 14% as a result of increased revenues and continued cost containment efforts which reduced certain selling, general and administrative expenses by approximately $6 million.

Other

The primary components of "Other" are Claims Services, miscellaneous processing services, and corporate allocations and expenses.
Our financial condition and balance sheet remain exceptionally strong. At June 30, 2004, cash and marketable securities approximated $2.1 billion. Stockholders' equity was approximately $5.4 billion and return on average equity for the year was over 17%. The ratio of long-term debt-to-equity at June 30, 2004 was 1.4%.

At June 30, 2004, working capital was $1.0 billion compared to $1.7 billion at June 30, 2003. The decrease in the Company's working capital arose primarily from the movement of cash, cash equivalents and short-term marketable securities to long-term marketable securities to obtain more favorable interest yields. We also used cash and cash equivalents for such matters as treasury share repurchases and acquisitions during the fiscal year.

Our principal sources of liquidity are derived from cash generated through operations and our cash and marketable securities on hand. We also have the ability to generate cash through our financing arrangements under our U.S. short-term repurchase agreements. In addition, we have two unsecured revolving credit agreements that allow us to borrow $4.5 billion, in the aggregate. Our short-term repurchase agreements are utilized as the primary instruments to meet short-term funding requirements related to client funds obligations. Our revolving credit agreements, totaling $4.5 billion, are in place to provide additional liquidity, if needed. We have never had borrowings under the current or previous revolving credit agreements. The Company believes that the internally generated cash flows and financing arrangements are adequate to support business operations and capital expenditures.

Cash flows generated from operations were approximately $1.4 billion for the year ended June 30, 2004. This amount compares to cash flows from operations of $1.6 billion in fiscal 2003. The decrease in cash flow from operations was primarily due to the decline in net earnings of $83 million, an increase in receivables and other assets of $139 million due to acquisitions and the increase in consolidated revenue, and the fluctuation in accounts payable and accrued expenses of $152 million due to the timing of payments. The decline in cash generated from operations was offset by the change in deferred income taxes of $125 million, the increase in amortization of premiums and discounts on our available-for-sale securities of $52 million and the increase in depreciation and amortization of $32 million.

Cash flows used in investing activities in fiscal 2004 totaled $1.3 billion compared to cash flows provided by investing activities in fiscal 2003 of approximately $0.2 billion. The fluctuation between periods was primarily due to the timing of purchases and proceeds of marketable securities and client fund money market securities, offset by the fluctuation in the net change in client funds obligations in fiscal 2004 and the reduction in cash used for acquisitions of businesses during fiscal 2004 due primarily to the fact that ProBusiness Services, Inc. was acquired in fiscal 2003.

Cash flows used in financing activities in fiscal 2004 totaled $0.8 billion compared to $1.1 billion in fiscal 2003. The decrease in cash used in financing was primarily due to lower repurchases of common stock of approximately $309 million and an increase in the amount of proceeds from stock purchase plans and exercises of stock options of approximately $76 million. We purchased approximately 15.8 million shares of common stock at an average price per share of $41.09 during fiscal 2004. As of June 30, 2004, we had remaining Board of Directors' authorization to purchase up to 27.7 million additional shares.

In June 2004, the Company entered into two new unsecured revolving credit agreements, each for $2.25 billion, with certain financial institutions, replacing an existing $4.5 billion credit agreement which was due to expire in September 2004. The interest rate applicable to the borrowings is tied to LIBOR or prime rate depending on the notification provided by the Company to the syndicated financial institutions prior to borrowing. The Company is also required to pay facility fees on the credit agreements. The primary uses of the credit facilities are to provide liquidity to the unsecured commercial paper program and to provide funding for general corporate purposes, if necessary. The Company had no borrowings through June 30, 2004 under the new credit agreements or the credit agreement that was replaced. The two new unsecured revolving credit agreements expire in June 2005 and June 2009, respectively.

In April 2002, we initiated a U.S. short-term commercial paper program providing for the issuance of up to $4.0 billion in aggregate maturity value of commercial paper at our discretion. In November 2003, the Company increased the aggregate maturity value of commercial paper available under the program to $4.5 billion. Our commercial paper program is rated A-1+ by Standard & Poor's and Prime 1 by Moody's. These ratings denote the highest quality commercial paper securities. Maturities of commercial paper can range from overnight to 270 days. We use the commercial paper issuances as a primary instrument to meet short-term funding requirements related to client funds obligations which occur as a result of our decision to extend maturities of our client fund marketable securities. We also use commercial paper issuances to fund general corporate purposes, if needed. This commercial paper program allows us to take advantage of higher extended term yields, rather than liquidating portions of our marketable securities, in order to provide more cost effective liquidity to the Company. At June 30, 2004 and 2003, there was no commercial paper outstanding. For fiscal 2004 and 2003, the Company's average borrowings were $1.0 billion and $0.9 billion, respectively, at a weighted average interest rate of 1.0% and 1.5%, respectively.

The weighted average maturity of the Company's commercial paper during fiscal 2004 and 2003 was less than two days for both periods.

The Company's U.S. and Canadian short-term funding requirements related to client funds obligations are sometimes obtained on a secured basis through the use of repurchase agreements, which are collateralized principally by government and government agency securities. These agreements generally have terms ranging from overnight up to five business days. At June 30, 2004 and 2003, there were no outstanding repurchase agreements. For fiscal 2004 and 2003, the Company had an average outstanding balance of $32.0 million and $6.1 million,
Capital expenditures during 2004 were $204 million, as compared to $134 million in 2003 and $146 million in 2002. The capital expenditures in fiscal 2004 related primarily to technology assets, buildings, furniture and equipment and leasehold improvements to support our operations. Capital expenditures in fiscal 2005 should be approximately $225 to $245 million.

The following table provides a summary of our contractual obligations as of June 30, 2004:

<table>
<thead>
<tr>
<th>Contractual Obligations</th>
<th>Payments due by period</th>
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<tbody>
<tr>
<td></td>
<td>Less than 1 year</td>
</tr>
<tr>
<td></td>
<td>1-3 years</td>
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<tr>
<td></td>
<td>3-5 years</td>
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<tr>
<td></td>
<td>More than 5 years</td>
</tr>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>Debt Obligations (1)</td>
<td>$ 515</td>
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<tr>
<td>Operating Lease and Software</td>
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<tr>
<td>License Obligations (2)</td>
<td>$16,535</td>
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<tr>
<td>Purchase Obligations (3)</td>
<td>$ 117,617</td>
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<tr>
<td>Other long-term liabilities reflected on</td>
<td>$ 930,765</td>
</tr>
<tr>
<td>our Consolidated Balance Sheets:</td>
<td></td>
</tr>
<tr>
<td>Compensation and Benefits (4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$13,262</td>
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<tr>
<td></td>
<td>$ 82,238</td>
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<tr>
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<td></td>
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<td>$251,493</td>
</tr>
<tr>
<td></td>
<td>$1,305,994</td>
</tr>
</tbody>
</table>

(1) These amounts represent the principal repayments of our debt and are included in our Consolidated Balance Sheets. See Note 8 to the Consolidated Financial Statements for additional information about our debt and related matters.

(2) Included in these amounts are various facilities and equipment leases, and software license agreements. We enter into operating leases in the normal course of business relating to facilities and equipment as well as the licensing of software. The majority of our lease agreements have fixed payment terms based on the passage of time. Certain facility and equipment leases require payment of maintenance and real estate taxes and contain escalation provisions based on future adjustments in price indices. Our future operating lease obligations could change if we exit certain contracts and if we enter into additional operating lease agreements.

(3) Purchase obligations primarily relate to maintenance agreements on our software, equipment and other assets.

(4) Compensation and benefits primarily relate to amounts associated with our employee benefit plans and other compensation arrangements.

In addition to the obligations quantified in the table above, we have obligations for the remittance of funds relating to our payroll and payroll tax filing services. As of June 30, 2004, the obligations relating to these matters, which are expected to be paid in fiscal 2005, total $12.8 billion and are recorded in client fund obligations on our Consolidated Balance Sheets. We have $12.9 billion of funds recorded in funds held for clients on our Consolidated Balance Sheets that have been impounded from our clients to satisfy such obligations.

On June 22, 2004, our Brokerage Services Group announced plans to implement a new business process outsourcing (BPO) strategy that is intended to strengthen its service offerings to meet the needs of a broader array of firms in the financial services marketplace. As part of this BPO strategy, we have reached an agreement to acquire the U.S. Clearing and BrokerDealer Services divisions of Bank of America Corporation, which provide third-party clearing operations. The transaction is subject to regulatory review and is expected to close before the end of the calendar year. On July 21, 2004, the Federal Trade Commission granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to the transaction. When the acquisition of U.S. Clearing and BrokerDealer Services is completed, we will offer a traditional clearing service to retail and institutional broker/dealers in the United States that want to outsource their entire back-office function.

In June 2003, we formed a new wholly-owned subsidiary, ADP Indemnity, Inc. The primary purpose of this subsidiary is to provide workers' compensation insurance coverage, as well as coverage for occupational disease or employer liability, for our PEO worksite employees. This insurance was previously provided by a third-party insurance company. The Company has specific reinsurance with a third-party insurance company for aggregate losses between $75 million and $85 million in a policy year and also has stop loss insurance at $120 million of aggregated losses in a policy year. The Company utilizes historical loss experience and actuarial judgment to determine the estimated insurance liability for these services. The Company reviews the assumptions and obtains valuations provided by an independent third-party actuary to determine the adequacy of the workers' compensation liabilities. During the fiscal year ending June 30, 2004, we received premiums of $57 million and paid claims of $7 million. At June 30, 2004, our cash balance is approximately $64 million to cover potential future workers' compensation claims for the policy year that the PEO worksite employees were covered. We believe that the level of funding is adequate to cover the future workers' compensation claims for the PEO worksite employees covered.

It is not our business practice to enter into off-balance sheet arrangements. However, in the normal course of business, we do enter into contracts in which we make certain representations and warranties that guarantee the performance of our products and services. There have
historically been no material losses related to such guarantees and we do not expect there to be any in the future. The Company also has provisions within certain contracts that require the Company to make future payments if specific conditions occur. The maximum potential payments under these contracts is not material to the consolidated financial statements.

**Quantitative and Qualitative Disclosures About Market Risk**

During fiscal 2004, approximately twenty-five percent of our overall investment portfolio was invested in cash and cash equivalents, which were therefore impacted almost immediately by changes in short-term interest rates. The other seventy-five percent of our investment portfolio was invested in fixed-income securities, with varying maturities of less than ten years, which were also subject to interest rate risk including reinvestment risk. We have historically had the ability to hold these investments until maturity.

Details regarding our corporate investments and funds held for clients are as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
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</thead>
<tbody>
<tr>
<td>Years ended June 30:</td>
</tr>
<tr>
<td>Average investment balances at cost:</td>
</tr>
<tr>
<td>Corporate investments</td>
</tr>
<tr>
<td>Funds held for clients</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Average interest rates earned exclusive of realized gains/(losses) on corporate investments and funds held for clients</td>
</tr>
</tbody>
</table>

The return on our portfolio is impacted by future interest rate changes. Factors that influence the earnings impact of the interest rate changes include, among others, the amount of invested funds and the overall portfolio mix between short-term and long-term investments. This mix varies during the year and is impacted by daily interest rate changes. A hypothetical change in both the short-term interest rates and the long-term interest rates of 25 basis points applied to the estimated average investment balances and any related borrowings for fiscal 2005 would result in approximately a $12.0 million impact to interest revenues on funds held for clients and approximatively an $8.0 million impact to earnings before income taxes over the twelve-month period. A hypothetical change in only short-term interest rates of 25 basis points applied to the estimated average short-term investment balances and any related short-term borrowing for fiscal 2005 would result in approximately a $1.0 million impact to earnings before income taxes over the twelve-month period.

The Company is exposed to credit risk in connection with our available-for-sale securities through the possible inability of the borrowers to meet the terms of the bonds. The Company limits credit risk by investing primarily in AAA and AA rated securities, as rated by Moody’s and Standard & Poor’s, and by limiting amounts that can be invested in any single issuer. At June 30, 2004, approximately 95% of our available-for-sale securities held a AAA or AA rating.

**CRITICAL ACCOUNTING POLICIES**

Our Consolidated Financial Statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect reported amounts of assets, liabilities, revenues and expenses. We continually evaluate the accounting policies and estimates used to prepare the consolidated financial statements. The estimates are based on historical experience and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could differ from these estimates made by management. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial position are discussed below.
Revenue Recognition. Our revenues are primarily attributable to fees for providing services (e.g., Employer Services' payroll processing fees and Brokerage Services' trade processing fees) as well as investment income on payroll funds, payroll tax filing funds and other Employer Services' client-related funds. We typically enter into agreements for a fixed fee per transaction (e.g., number of payees or number of trades). Fees associated with services are recognized in the period services are rendered and earned under service arrangements with clients where service fees are fixed or determinable and collectibility is reasonably assured. Interest income on collected but not yet remitted funds held for clients is recognized in revenues as earned, as the collection, holding and remittance of these funds are critical components of providing these services.

We also recognize revenues associated with the sale of software systems and associated software licenses. For a majority of our software sales arrangements, which provide hardware, software licenses, installation and post customer support, revenues are recognized ratably over the software license term as vendor-specific objective evidence of the fair values of the individual elements in the sales arrangement does not exist. Changes to the elements in an arrangement and the ability to establish vendor-specific objective evidence for those elements could affect the timing of the revenue recognition.

The majority of our revenues are generated from a fee for service model (e.g., fixed fee per transaction processed) in which revenue is recognized when the related services have been rendered under written price quotations or service agreements having stipulated terms and conditions which do not require management to make any significant judgments or assumptions regarding any potential uncertainties.

We assess collectibility of our revenues based primarily on the creditworthiness of the customer as determined by credit checks and analysis, as well as the customer's payment history. We do not believe that our assumptions utilized in the collectibility would result in a material change to revenues as no one customer accounts for a significant portion of our revenues.

Goodwill. We review the carrying value of all our goodwill in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," by comparing the carrying value of our reporting units to their fair values. We are required to perform this comparison at least annually or more frequently if circumstances indicate possible impairment. When determining fair value, we utilize a discounted future cash flow approach using various assumptions, including projections of revenues, based on assumed long-term growth rates, estimated costs, and appropriate discount rates based on the particular businesses' weighted average cost of capital. Our estimates of long-term growth and costs are based on historical data, various internal estimates and a variety of external sources, and are developed as part of our routine long-range planning process. The estimated fair value of the Company's reporting units exceeds the carrying value of the reporting units. We had approximately $2.2 billion of goodwill as of June 30, 2004. Given the significance of our goodwill, an adverse change to the fair value could result in an impairment charge, which could be material to our consolidated earnings.

Income Taxes. We account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. Judgment is required in addressing the future tax consequences of events that have been recognized in our financial statements or tax returns (e.g., realization of deferred tax assets, changes in tax laws or interpretations thereof). In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. A change in the assessment of the outcomes of such matters could materially impact our consolidated financial statements.

Market Price, Dividend Data and Other

The market price of our common stock (symbol: ADP) based on New York Stock Exchange composite transactions and cash dividends per share declared during the past two years have been:

<table>
<thead>
<tr>
<th>Fiscal 2004 quarter ended</th>
<th>Price Per Share</th>
<th>Dividends Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>June 30</td>
<td>$47.31</td>
<td>$41.63</td>
</tr>
<tr>
<td>March 31</td>
<td>$44.68</td>
<td>$39.61</td>
</tr>
<tr>
<td>December 31</td>
<td>$39.88</td>
<td>$35.86</td>
</tr>
<tr>
<td>September 30</td>
<td>$40.70</td>
<td>$33.45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal 2003 quarter ended</th>
<th>Price Per Share</th>
<th>Dividends Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>June 30</td>
<td>$36.08</td>
<td>$30.80</td>
</tr>
<tr>
<td>March 31</td>
<td>$40.81</td>
<td>$27.24</td>
</tr>
<tr>
<td>December 31</td>
<td>$45.96</td>
<td>$33.76</td>
</tr>
<tr>
<td>September 30</td>
<td>$43.75</td>
<td>$31.15</td>
</tr>
</tbody>
</table>

As of June 30, 2004, there were approximately 37,547 holders of record of our common stock. As of such date, approximately 323,273 additional holders had their stock in "street name."

Forward-looking Statements
This report and other written or oral statements made from time to time by ADP may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like "expects," "assumes," "projects," "anticipates," "estimates," "we believe," "could be" and other words of similar meaning, are forward-looking statements. These statements are based on management's expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include: ADP's success in obtaining, retaining and selling additional services to clients; the pricing of products and services; changes in laws regulating payroll taxes, professional employer organizations and employee benefits; overall market and economic conditions, including interest rate and foreign currency trends; competitive conditions; stock market activity; auto sales and related industry changes; employment and wage levels; changes in technology; availability of skilled technical associates and the impact of new acquisitions and divestitures. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.
### Statements of Consolidated Earnings
Automatic Data Processing, Inc. and Subsidiaries

(In thousands, except per share amounts)

<table>
<thead>
<tr>
<th>Years ended June 30,</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues other than interest on funds held for clients and PEO revenues</td>
<td>$6,932,558</td>
<td>$6,412,059</td>
<td>$6,305,206</td>
</tr>
<tr>
<td>Interest on funds held for clients</td>
<td>355,410</td>
<td>368,727</td>
<td>431,236</td>
</tr>
<tr>
<td>PEO revenues (A)</td>
<td>466,974</td>
<td>366,231</td>
<td>267,821</td>
</tr>
<tr>
<td>Total revenues</td>
<td>7,754,942</td>
<td>7,147,017</td>
<td>7,004,263</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>3,525,413</td>
<td>3,096,719</td>
<td>2,970,645</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>1,903,356</td>
<td>1,758,353</td>
<td>1,606,690</td>
</tr>
<tr>
<td>Systems development and programming costs</td>
<td>581,165</td>
<td>499,192</td>
<td>474,843</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>306,772</td>
<td>274,682</td>
<td>279,077</td>
</tr>
<tr>
<td>Other income, net</td>
<td>(56,294)</td>
<td>(127,129)</td>
<td>(113,962)</td>
</tr>
<tr>
<td></td>
<td>6,260,412</td>
<td>5,501,817</td>
<td>5,217,293</td>
</tr>
<tr>
<td>Earnings before income taxes</td>
<td>1,494,530</td>
<td>1,645,200</td>
<td>1,786,970</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>558,960</td>
<td>627,050</td>
<td>686,200</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$ 935,570</td>
<td>$1,018,150</td>
<td>$1,100,770</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$ 1.58</td>
<td>$ 1.70</td>
<td>$ 1.78</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$ 1.56</td>
<td>$ 1.68</td>
<td>$ 1.75</td>
</tr>
<tr>
<td>Basic average shares outstanding</td>
<td>591,697</td>
<td>600,071</td>
<td>618,857</td>
</tr>
<tr>
<td>Diluted average shares outstanding</td>
<td>598,749</td>
<td>605,917</td>
<td>630,579</td>
</tr>
</tbody>
</table>

(A) Net of pass-through costs of $4,237,017, $3,462,783 and $2,648,321, respectively.

See notes to consolidated financial statements.
## Consolidated Balance Sheets

### Automatic Data Processing, Inc. and Subsidiaries

<table>
<thead>
<tr>
<th>(In thousands, except per share amounts)</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30,</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Assets

**Current assets:**
- Cash and cash equivalents: $712,998, $1,410,218
- Short-term marketable securities: 416,077, 595,166
- Accounts receivable, net: 1,057,938, 1,005,833
- Other current assets: 574,576, 664,284

**Total current assets:** 2,761,589, 3,675,501

**Long-term marketable securities:** 963,501, 338,959

**Property, plant and equipment:**
- Land and buildings: 518,134, 477,682
- Data processing equipment: 778,388, 780,044
- Furniture, leaseholds and other: 594,658, 603,451

**Total assets before funds held for clients:** 8,217,027, 8,025,922

**Funds held for clients:** 12,903,532, 11,807,749

**Total assets:** $21,120,559, $19,833,671

### Liabilities and Stockholders' Equity

**Current liabilities:**
- Accounts payable: $175,175, $173,988
- Accrued expenses and other current liabilities: 1,482,703, 1,609,665
- Income taxes payable: 110,546, 215,130

**Total current liabilities:** 1,768,424, 1,998,783

**Long-term debt:** 76,200, 84,674

**Other liabilities:** 319,495, 270,267

**Deferred income taxes:** 283,781, 320,796

**Deferred revenues:** 414,764, 338,763

**Total liabilities before client funds obligations:** 2,862,664, 3,013,283

**Client funds obligations:** 12,840,225, 11,448,915

**Total liabilities:** 15,702,889, 14,462,198

**Stockholders' equity:**
- Preferred stock, $1.00 par value: --, --
- Common stock, $.10 par value:
  - Authorized, 1,000,000 shares; issued, 638,702 shares at June 30, 2004 and 2003: 63,870, 63,870
  - Capital in excess of par value: 79,646, 211,339
  - Retained earnings: 7,326,918, 6,710,863
  - Treasury stock – at cost: 51,587 and 43,863 shares, respectively: (2,033,254), (1,773,418)
  - Accumulated other comprehensive (loss) income: (19,510), 158,819

**Total stockholders' equity:** 5,417,670, 5,371,473

**Total liabilities and stockholders' equity:** $21,120,559, $19,833,671

---

See notes to consolidated financial statements.
## Statements of Consolidated Stockholders' Equity

**Automatic Data Processing, Inc. and Subsidiaries**

<table>
<thead>
<tr>
<th>(In thousands, except per share amounts)</th>
<th>Common Stock</th>
<th>Capital in Excess of Par Value</th>
<th>Retained Earnings</th>
<th>Treasury Stock</th>
<th>Comprehensive Income</th>
<th>Comprehensive Income (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at June 30, 2001</td>
<td>638,702</td>
<td>$63,870</td>
<td>$553,927</td>
<td>$5,153,408</td>
<td>$(837,244)</td>
<td>$(232,964)</td>
</tr>
<tr>
<td>Net earnings</td>
<td>--</td>
<td>--</td>
<td>1,100,770</td>
<td>--</td>
<td>$1,100,770</td>
<td>--</td>
</tr>
<tr>
<td>Currency translation adjustments</td>
<td>--</td>
<td>--</td>
<td>73,504</td>
<td>--</td>
<td>73,504</td>
<td></td>
</tr>
<tr>
<td>Unrealized net gain on securities, net of tax</td>
<td>--</td>
<td>--</td>
<td>41,147</td>
<td>--</td>
<td>41,147</td>
<td></td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>--</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,215,421</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Employee stock plans and related tax benefits**

| -- | -- | (197,083) | -- | 515,729 |

| -- | -- | (423) | -- | 12,848 |

| -- | -- | (23,050) | -- | 42,075 |

| -- | -- | -- | -- | $(276,860) |

| Balance at June 30, 2002 | 638,702 | 63,870 | 333,371 | 5,977,318 | $(1,142,041) | $(118,313) |
| Net earnings             | --      | --     | 1,018,150 | --       | $1,018,150 | 174,046    |
| Currency translation adjustments | -- | -- | -- | -- | $174,046 | $174,046 |
| Unrealized net gain on securities, net of tax | -- | -- | -- | -- | 108,562 | 108,562 |
| Minimum pension liability adjustment, net of tax | -- | -- | -- | -- | $(5,476) | $(5,476) |
| **Comprehensive income** | --      | --     |                   | --       | $1,295,282 | $295,282 |

**Employee stock plans and related tax benefits**

| -- | -- | (103,593) | -- | 268,938 |

| -- | -- | (423) | -- | 14,883 |

| -- | -- | (23,050) | -- | 23,347 |

| -- | -- | -- | -- | $(284,605) |

| Balance at June 30, 2003 | 638,702 | 63,870 | 211,339 | 6,710,863 | $(1,773,418) | 158,819 |
| Net earnings             | --      | --     | 935,570 | --       | $935,570 | -- |
| Currency translation adjustments | -- | -- | 17,127 | 17,127 |
| Unrealized net loss on securities, net of tax | -- | -- | $(196,351) | $(196,351) |
| Minimum pension liability adjustment, net of tax | -- | -- | 895 | 895 |
| **Comprehensive income** | --      | --     |                   | --       | $757,241 | -- |

**Employee stock plans and related tax benefits**

| -- | -- | (124,950) | -- | 371,737 |

| -- | -- | (6,488,889) | -- | 502 |

| -- | -- | (6,746) | -- | 16,814 |

| -- | -- | -- | -- | $(319,515) |

| Balance at June 30, 2004 | 638,702 | 63,870 | 79,646 | 7,326,918 | $(2,033,254) | $(19,510) |

See notes to consolidated financial statements.
See notes to consolidated financial statements.
Notes to Consolidated Financial Statements

Automatic Data Processing, Inc. and Subsidiaries

Years ended June 30, 2004, 2003 and 2002
(Unless otherwise noted, amounts in thousands, except per share amounts)

Note 1. Summary of Significant Accounting Policies

A. Consolidation and Basis of Preparation. The consolidated financial statements include the financial results of Automatic Data Processing, Inc. and its majority-owned subsidiaries (the "Company" or "ADP"). Intercompany balances and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

B. Description of Business. The Company is a provider of technology-based outsourcing solutions to employers, the brokerage and financial services community, vehicle retailers and their manufacturers and the property and casualty insurance, auto collision repair and auto recycling industries. The Company classifies its operations into the following reportable segments: Employer Services, Brokerage Services, Dealer Services and Other. "Other" consists primarily of Claims Services, miscellaneous processing services, and corporate allocations and expenses.

C. Revenue Recognition. A majority of the Company's revenues are attributable to fees for providing services (e.g., Employer Services' payroll processing fees and Brokerage Services' trade processing fees) as well as interest income on payroll funds, tax filing funds and other Employer Services' client-related funds. The Company typically enters into agreements for a fixed fee per transaction (e.g., number of payees or number of trades). Fees associated with services are recognized in the period services are rendered and earned under service arrangements with clients where service fees are fixed or determinable and collectibility is reasonably assured.

Interest income on collected but not yet remitted funds held for clients is earned on funds that are collected from clients and are invested (funds held for clients) until remitted to the applicable tax agencies or client employees. The interest earned on these funds is included in revenues because the collection, holding and remittance of these funds are critical components of providing these services.

The Company also recognizes revenues associated with the sale of software systems and associated software licenses. For a majority of the Company's software sales arrangements, which provide hardware, software licenses, installation and post-contract customer support, revenues are recognized ratably over the software license term as vendor-specific objective evidence of the fair values of the individual elements in the sales arrangement does not exist. As part of the sale of software systems, the Company recognizes revenues from the sale of hardware, which is recorded net of the associated costs.

Postage fees for client mailings are included in revenues and the associated postage expenses are included in operating expenses. Professional Employer Organization (PEO) revenues are included in revenues and are reported net of direct costs billed and incurred for PEO worksite employees, which primarily include payroll wages and payroll taxes.

D. Cash and Cash Equivalents. Highly-liquid investments with a maturity of ninety days or less at the time of purchase are considered cash equivalents.

E. Corporate Investments and Funds Held for Clients. All of the Company's marketable securities are considered to be "available-for-sale" and, accordingly, are carried on the Consolidated Balance Sheets at fair value. Unrealized gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of accumulated other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific-identification basis and are included in other income, net.

If the market value of any available-for-sale security declines below cost and it is deemed to be other-than-temporary, an impairment charge is recorded to earnings for the difference between the carrying amount of the respective security and the fair value.

Premiums and discounts are amortized or accreted over the life of the related available-for-sale security as an adjustment to yield using the effective-interest method. Dividend and interest income are recognized when earned.

F. Long-term Receivables. Long-term receivables relate to notes receivable from the sale of computer systems, primarily to automobile and truck dealerships. Unearned income from finance receivables represents the excess of gross receivables over the sales price of the computer systems financed. Unearned income is amortized using the effective-interest method to maintain a constant rate of return on the net investment over the term of each contract. The allowance for doubtful accounts on long-term receivables is the Company's best estimate of the amount of probable credit losses in the Company's existing note receivables.
G. Property, Plant and Equipment. Property, plant and equipment is stated at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful lives of the improvements.

The estimated useful lives of assets are primarily as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data processing equipment</td>
<td>2 to 5 years</td>
</tr>
<tr>
<td>Buildings</td>
<td>20 to 40 years</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>3 to 7 years</td>
</tr>
</tbody>
</table>

H. Goodwill and Other Intangible Assets. The Company accounts for goodwill and other intangible assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," which states that goodwill and intangible assets with indefinite useful lives should not be amortized, but instead tested for impairment at least annually at the reporting unit level. If an impairment exists, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded. Intangible assets with finite lives are amortized primarily on the straight-line basis over their estimated useful lives and are reviewed for impairment in accordance with SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" (SFAS No. 144).

I. Impairment of Long-lived Assets. In accordance with SFAS No. 144, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

J. Foreign Currency Translation. The net assets of the Company's foreign subsidiaries are translated into U.S. dollars based on exchange rates in effect at the end of each period, and revenues and expenses are translated at average exchange rates during the periods. Currency transaction gains or losses, which are included in the results of operations, are immaterial for all periods presented. Gains or losses from balance sheet translation are included in accumulated other comprehensive (loss) income on the balance sheet.

K. Earnings Per Share (EPS). The calculations of basic and diluted EPS are as follows:

<table>
<thead>
<tr>
<th>Years ended June 30,</th>
<th>Basic</th>
<th>Effect of Zero Coupon Subordinated Notes</th>
<th>Effect of Stock Options</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$ 935,570</td>
<td>$ 1,421</td>
<td>--</td>
<td>$ 936,991</td>
</tr>
<tr>
<td>Average shares</td>
<td>591,697</td>
<td>1,517</td>
<td>5,535</td>
<td>598,749</td>
</tr>
<tr>
<td>EPS</td>
<td>$ 1.58</td>
<td>$ 1.56</td>
<td></td>
<td>$ 1.56</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$1,018,150</td>
<td>$ 1,207</td>
<td>--</td>
<td>$1,019,357</td>
</tr>
<tr>
<td>Average shares</td>
<td>600,071</td>
<td>1,693</td>
<td>4,153</td>
<td>605,917</td>
</tr>
<tr>
<td>EPS</td>
<td>$ 1.70</td>
<td>$ 1.68</td>
<td></td>
<td>$ 1.68</td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$1,100,770</td>
<td>$ 1,611</td>
<td>--</td>
<td>$1,102,381</td>
</tr>
<tr>
<td>Average shares</td>
<td>618,857</td>
<td>2,352</td>
<td>9,370</td>
<td>630,579</td>
</tr>
<tr>
<td>EPS</td>
<td>$ 1.78</td>
<td>$ 1.75</td>
<td></td>
<td>$ 1.75</td>
</tr>
</tbody>
</table>

Options to purchase 36.9 million and 40.0 million shares of common stock for fiscal years ended June 30, 2004 and 2003, respectively, were excluded from the calculation of diluted earnings per share because their exercise prices exceeded the average market price of outstanding common shares for the year.

L. Internal Use Software. Expenditures for major software purchases and software developed or obtained for internal use are capitalized and amortized over a three- to five-year period on a straight-line basis. For software developed or obtained for internal use, the Company capitalizes costs in accordance with the provisions of Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The Company's policy provides for the capitalization of external direct costs of materials and services associated with developing or obtaining internal use computer software. In addition, the Company also capitalizes certain payroll and payroll-related costs for employees who are directly associated with internal use computer software projects. The amount of capitalizable payroll costs with respect to these employees is limited to the time directly spent on such projects. Costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred. The Company also expenses internal costs related to minor upgrades and enhancements, as it is impractical to separate these costs from normal maintenance activities.
M. Computer Software to be Sold, Leased or Otherwise Marketed. The Company capitalizes certain costs of computer software to be sold, leased or otherwise marketed in accordance with the provisions of SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed." The Company's policy provides for the capitalization of all software production costs upon reaching technological feasibility for a specific product. Technological feasibility is attained when software products have a completed working model whose consistency with the overall product design has been confirmed by testing. Costs incurred prior to the establishment of technological feasibility are expensed as incurred. The establishment of technological feasibility requires considerable judgment by management and in many instances is only attained a short time prior to the general release of the software. Upon the general release of the software product to customers, capitalization ceases and such costs are amortized over a three-year period on a straight-line basis. Maintenance-related costs are expensed as incurred.

N. Fair Value Accounting for Stock Plans. The Company accounts for its stock options and employee stock purchase plans, using the intrinsic-value method, under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations, as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123). No stock-based employee compensation expense related to the Company's stock option and stock purchase plans is reflected in net earnings, as all options granted under the stock option plans had an exercise price equal to the market value of the underlying common stock on the date of grant, and for the stock purchase plans the discount does not exceed fifteen percent.

The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation.

<table>
<thead>
<tr>
<th>Years ended June 30,</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings, as reported</td>
<td>$935,570</td>
<td>$1,018,150</td>
<td>$1,100,770</td>
</tr>
<tr>
<td>Add: Stock-based employee compensation expense included in reported net earnings, net of related tax effects</td>
<td>7,861</td>
<td>6,784</td>
<td>6,592</td>
</tr>
<tr>
<td>Deduct: Total stock-based employee compensation expense determined using the fair value-based method for all awards, net of related tax effects</td>
<td>(120,393)</td>
<td>(129,846)</td>
<td>(126,602)</td>
</tr>
<tr>
<td>Pro forma net earnings</td>
<td>$823,038</td>
<td>$895,088</td>
<td>$980,760</td>
</tr>
<tr>
<td>Earnings per share:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic - as reported</td>
<td>$1.58</td>
<td>$1.70</td>
<td>$1.78</td>
</tr>
<tr>
<td>Basic - pro forma</td>
<td>$1.39</td>
<td>$1.49</td>
<td>$1.58</td>
</tr>
<tr>
<td>Diluted - as reported</td>
<td>$1.56</td>
<td>$1.68</td>
<td>$1.75</td>
</tr>
<tr>
<td>Diluted - pro forma</td>
<td>$1.38</td>
<td>$1.48</td>
<td>$1.56</td>
</tr>
</tbody>
</table>

The fair value for these instruments was estimated at the date of grant using a Black-Scholes valuation model with the following assumptions:

<table>
<thead>
<tr>
<th>Years ended June 30,</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk-free interest rate</td>
<td>3.9%-4.5%</td>
<td>3.2%-4.1%</td>
<td>4.3%-5.2%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>1.0%-1.1%</td>
<td>.8%-9%</td>
<td>.7%-8%</td>
</tr>
<tr>
<td>Volatility factor</td>
<td>29.0%-29.3%</td>
<td>29.5%-31.7%</td>
<td>25.9%-27.9%</td>
</tr>
<tr>
<td>Expected life (in years):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options</td>
<td>6.5</td>
<td>6.4</td>
<td>6.3</td>
</tr>
<tr>
<td>Stock purchase plans</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Weighted average fair value (in dollars):
Options $13.96 $12.85 $16.54 Stock purchase plans $11.95 $12.94 $21.55

See Note 10, Employee Benefit Plans, for additional information relating to the Company's stock plans.

O. Reclassification of Prior Financial Statements. Certain reclassifications have been made to previous years' financial statements to conform to the 2004 presentation.

P. Income Taxes. The provisions for income taxes, income taxes payable and deferred income taxes are determined using the liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured by applying enacted tax rates and laws to taxable years in which such differences are expected to reverse. A valuation allowance is provided when the Company determines that it is more likely than not that a portion of the deferred tax asset balance will not be realized.
Q. Adoption of New Accounting Pronouncements. In November 2003, the Emerging Issues Task Force (EITF) published Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" (EITF 03-1). EITF 03-1 reached a consensus that certain quantitative and qualitative disclosures are required for debt and marketable equity securities classified as available-for-sale or held-to-maturity that are impaired at the balance sheet date but for which an other-than-temporary impairment has not been recognized. The disclosure requirements of EITF 03-1 are effective for fiscal periods ending after December 15, 2003 and are included in Note 4, herein.

In December 2003, the Financial Accounting Standards Board (FASB) revised Interpretation No. 46R, "Consolidation of Variable Interest Entities," with certain modifications and clarifications. Application of this guidance was effective for interests in certain variable interest entities commonly referred to as special purpose entities as of December 31, 2003. Application for all other types of variable interest entities created prior to February 1, 2003 is required for the period ended after March 15, 2004 unless previously applied. The adoption of the revised interpretation did not impact the Company’s consolidated financial statements as the Company does not have investments in unconsolidated special purpose or variable interest entities.

In December 2003, the FASB revised SFAS No. 132, "Employer's Disclosures about Pensions and Other Post-retirement Benefits" (SFAS No. 132). SFAS No. 132 (revised) retains the disclosure requirements of the original statement and requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit plans and other defined benefit post-retirement plans. The annual financial statement disclosures required by SFAS No. 132 are effective for the Company for fiscal 2004 and are included in Note 10, herein.

In March 2003, the EITF published Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables" (EITF 00-21). EITF 00-21 addresses certain aspects of the accounting by a vendor for arrangements under which it performs multiple revenue-generating activities and how to determine whether such an arrangement involving multiple deliverables contains more than one unit of accounting purposes of revenue recognition. The guidance in EITF 00-21 is effective for revenue arrangements entered in fiscal periods beginning after June 15, 2003. The adoption of EITF 00-21, effective July 1, 2003, did not have a material impact on the consolidated financial statements.

Note 2. Other Income, Net, Consists of the Following:

<table>
<thead>
<tr>
<th>Years ended June 30,</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income on corporate funds</td>
<td>$(79,941)</td>
<td>$(119,413)</td>
<td>$(118,672)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>15,993</td>
<td>21,838</td>
<td>21,164</td>
</tr>
<tr>
<td>Realized gains on available-for-sale securities</td>
<td>(9,665)</td>
<td>(34,491)</td>
<td>(22,657)</td>
</tr>
<tr>
<td>Realized losses on available-for-sale securities</td>
<td>17,319</td>
<td>4,937</td>
<td>6,203</td>
</tr>
<tr>
<td>Total other income, net</td>
<td>$(56,294)</td>
<td>$(127,129)</td>
<td>$(113,962)</td>
</tr>
</tbody>
</table>

Proceeds from the sale of available-for-sale securities were $5.3 billion, $4.0 billion, and $4.2 billion for the years ended June 30, 2004, 2003 and 2002, respectively.

Note 3. Acquisitions and Divestitures

Assets acquired and liabilities assumed in business combinations were recorded on the Company's Consolidated Balance Sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company have been included in the Company's Statements of Consolidated Earnings since their respective dates of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. In certain circumstances, the allocations of the excess purchase price are based upon preliminary estimates and assumptions. Accordingly, the allocations are subject to revision when the Company receives final information, including appraisals and other analyses.

The Company acquired six businesses in fiscal 2004 for approximately $270 million, net of cash acquired. These acquisitions resulted in approximately $186 million of goodwill. Intangible assets acquired, which total approximately $88 million, consisted primarily of software and customer contracts and lists that are being amortized over a weighted average life of 9 years.

In addition to goodwill recognized in the transactions noted above, the Company made contingent payments totaling $26 million (including $1 million in common stock), relating to previously consummated acquisitions. As of June 30, 2004, the Company had contingent consideration remaining for all transactions of approximately $80 million, which is payable over the next four years, subject to the acquired entity's achievement of specified revenue, earnings and/or development targets.

On June 20, 2003, the Company acquired all of the outstanding common and preferred stock of ProBusiness Services, Inc. (ProBusiness) for $17 per common share and $26 per preferred share. The transaction was consummated in cash of approximately $517 million, net of cash acquired. ProBusiness was a leading provider of comprehensive payroll and human resource processing solutions to larger employers within the United States. During fiscal 2004, the allocation of the purchase price was finalized and adjustments were made to increase goodwill by $5 million. The adjustments primarily related to the final fair value adjustments to certain assets and liabilities in the preliminary purchase price allocation. The acquisition resulted in approximately $422 million of goodwill. Intangible assets acquired, which totaled approximately $80 million, consisted of software, customer contracts and lists, and other intangible assets that are being amortized over a weighted average life of
In addition to the acquisition of ProBusiness in fiscal 2003, the Company also acquired ten other businesses for approximately $118 million, net of cash acquired. These acquisitions resulted in approximately $90 million of goodwill. Intangible assets acquired of $28 million, which consist of software, customer contracts and lists, and other intangible assets, are being amortized over a weighted average life of 5 years.

The Company purchased several businesses in fiscal 2002 in the amount of $232 million (including $12 million in common stock), net of cash acquired.

The acquisitions discussed above for fiscal 2004, 2003 and 2002 were not material to the Company's operations, financial position or cash flows.

The Company divested of five small businesses in fiscal 2004 for $26 million. The divestitures of these businesses were not material to the Company's operations, financial position or cash flows in fiscal 2004, 2003 and 2002.

### Note 4. Corporate Investments and Funds Held for Clients

Corporate investments and funds held for clients at June 30, 2004 and 2003 are as follows:

<table>
<thead>
<tr>
<th>Type of issue:</th>
<th>Cost 2004</th>
<th>Fair Value 2004</th>
<th>Cost 2003</th>
<th>Fair Value 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market securities and other cash equivalents</td>
<td>$ 2,903,284</td>
<td>$ 2,903,284</td>
<td>$ 4,276,175</td>
<td>$ 4,276,175</td>
</tr>
<tr>
<td>Available-for-sale securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury and direct obligations of U.S. government agencies</td>
<td>5,449,694</td>
<td>5,485,632</td>
<td>4,145,995</td>
<td>4,349,052</td>
</tr>
<tr>
<td>Asset backed securities</td>
<td>2,570,424</td>
<td>2,580,609</td>
<td>2,420,233</td>
<td>2,489,521</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>2,342,017</td>
<td>2,341,015</td>
<td>1,568,195</td>
<td>1,620,621</td>
</tr>
<tr>
<td>Canadian government obligations and Canadian government agency obligations</td>
<td>765,908</td>
<td>774,877</td>
<td>492,581</td>
<td>513,366</td>
</tr>
<tr>
<td>Other debt securities</td>
<td>899,216</td>
<td>900,550</td>
<td>867,284</td>
<td>887,548</td>
</tr>
<tr>
<td>Other equity securities</td>
<td>5,696</td>
<td>10,141</td>
<td>5,696</td>
<td>15,809</td>
</tr>
<tr>
<td>Total available-for-sale securities</td>
<td>12,032,955</td>
<td>12,092,824</td>
<td>9,499,984</td>
<td>9,875,917</td>
</tr>
<tr>
<td>Total corporate investments and funds held for clients</td>
<td>$ 14,936,239</td>
<td>$14,996,108</td>
<td>$13,776,159</td>
<td>$14,152,092</td>
</tr>
</tbody>
</table>

Classification of investments on the Consolidated Balance

| Sheets | Corporate investments | Cost | $ 2,096,014 | $ 2,092,576 | $ 2,327,244 | $ 2,344,343 |
|        | Funds held for clients | 12,840,225 | 12,903,532 | 11,448,915 | 11,807,749 |
|        | Total corporate investments and funds held for clients | $ 14,936,239 | $14,996,108 | $13,776,159 | $14,152,092 |

At June 30, 2004, approximately 95% of our available-for-sale securities held a AAA or AA rating, as rated by Moody's and Standard & Poor's.

Gross unrealized gains and losses on the available-for-sale securities are as follows:
Available-for-sale securities that have been in an unrealized loss position for a period of less than and greater than 12 months as of June 30, 2004 are as follows:

<table>
<thead>
<tr>
<th>As of June 30,</th>
<th>Gross unrealized gains</th>
<th>Gross unrealized losses</th>
<th>Unrealized gains, net</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$ 125,585</td>
<td>$ (65,716)</td>
<td>$ 59,869</td>
</tr>
<tr>
<td>2003</td>
<td>$ 376,494</td>
<td>$ (561)</td>
<td>$ 375,933</td>
</tr>
</tbody>
</table>

Available-for-sale securities that have been in an unrealized loss position for a period of less than and greater than 12 months as of June 30, 2004 are as follows:
<table>
<thead>
<tr>
<th></th>
<th>Unrealized losses less than 12 months</th>
<th>Fair market value - less than 12 months</th>
<th>Unrealized losses greater than 12 months</th>
<th>Fair market value - greater than 12 months</th>
<th>Total gross unrealized losses</th>
<th>Total fair market value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Treasury and direct obligations of U.S. government agencies</strong></td>
<td>$(29,133)</td>
<td>$ 2,614,784</td>
<td>-</td>
<td>-</td>
<td>$(29,133)</td>
<td>$2,614,784</td>
</tr>
<tr>
<td><strong>Asset backed securities</strong></td>
<td>(11,745)</td>
<td>1,200,598</td>
<td>$(124)</td>
<td>$ 15,571</td>
<td>(11,869)</td>
<td>1,216,169</td>
</tr>
<tr>
<td><strong>Corporate bonds</strong></td>
<td>(15,998)</td>
<td>1,413,116</td>
<td>(54)</td>
<td>3,256</td>
<td>(16,052)</td>
<td>1,416,372</td>
</tr>
<tr>
<td><strong>Canadian government obligations and Canadian government agency obligations</strong></td>
<td>(2,894)</td>
<td>355,748</td>
<td>-</td>
<td>-</td>
<td>(2,894)</td>
<td>355,748</td>
</tr>
<tr>
<td><strong>Other debt securities</strong></td>
<td>(5,768)</td>
<td>467,819</td>
<td>-</td>
<td>-</td>
<td>(5,768)</td>
<td>467,819</td>
</tr>
<tr>
<td></td>
<td>$(65,538)</td>
<td>$ 6,052,065</td>
<td>$(178)</td>
<td>$ 18,827</td>
<td>$(65,716)</td>
<td>$6,070,892</td>
</tr>
</tbody>
</table>
The Company believes that the available-for-sale securities which have fair values that are below cost are not other-than-temporarily impaired since it is probable that principal and interest will be collected in accordance with the applicable contractual terms and the Company has the ability to hold the available-for-sale securities until maturity.

Expected maturities of available-for-sale securities at June 30, 2004 are as follows:

<table>
<thead>
<tr>
<th>Maturity Dates:</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due in one year or less</td>
<td>$ 3,241,891</td>
<td></td>
</tr>
<tr>
<td>Due after one year through two years</td>
<td>3,834,349</td>
<td></td>
</tr>
<tr>
<td>Due after two years through three years</td>
<td>3,153,773</td>
<td></td>
</tr>
<tr>
<td>Due after three years through four years</td>
<td>932,779</td>
<td></td>
</tr>
<tr>
<td>Due after four years through ten years</td>
<td>930,032</td>
<td></td>
</tr>
<tr>
<td>Total available-for-sale securities</td>
<td>$12,092,824</td>
<td></td>
</tr>
</tbody>
</table>

Note 5. Receivables

Accounts receivable is net of an allowance for doubtful accounts of $51 million and $55 million at June 30, 2004 and 2003, respectively.

The Company's receivables for the financing of the sale of computer systems, most of which are due from automobile and truck dealerships, are reflected in the Consolidated Balance Sheets as follows:

<table>
<thead>
<tr>
<th>June 30, 2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>Long-term</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Receivables</td>
<td>$151,774</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(5,303)</td>
</tr>
<tr>
<td>Untaxed income</td>
<td>(18,093)</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>$128,378</td>
<td>$196,828</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Long-term receivables at June 30, 2004 mature as follows:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Thereafter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$108,284</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>67,731</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>33,926</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,822</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>283</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>27</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$222,073</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note 6. Goodwill and Intangible Assets, Net

Changes in goodwill for the year ended June 30, 2004 are as follows:

<table>
<thead>
<tr>
<th>Employer Services</th>
<th>Brokerage Services</th>
<th>Dealer Services</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of June 30, 2003</td>
<td>$1,287,128</td>
<td>$366,775</td>
<td>$215,134</td>
<td>$112,094</td>
</tr>
<tr>
<td>Additions</td>
<td>19,221</td>
<td>6,948</td>
<td>109,080</td>
<td>81,124</td>
</tr>
<tr>
<td>Other</td>
<td>1,646</td>
<td>(6,455)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sale of businesses</td>
<td>(1,315)</td>
<td>(2,152)</td>
<td>-</td>
<td>(1,088)</td>
</tr>
</tbody>
</table>

Cumulative translation
No impairment losses were recognized during the year. During fiscal 2004, 2003 and 2002, the Company performed the required impairment tests of goodwill and determined that there was no impairment.

Components of intangible assets are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangibles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software and software licenses</td>
<td>$729,399</td>
<td>$578,261</td>
</tr>
<tr>
<td>Customer contracts and lists</td>
<td>594,841</td>
<td>545,978</td>
</tr>
<tr>
<td>Other</td>
<td>391,906</td>
<td>405,860</td>
</tr>
<tr>
<td></td>
<td>1,716,146</td>
<td>1,530,099</td>
</tr>
<tr>
<td>Less accumulated amortization</td>
<td>(979,865)</td>
<td>(860,208)</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>$736,281</td>
<td>$669,891</td>
</tr>
</tbody>
</table>

Other intangibles consist primarily of purchased rights, covenants, patents and trademarks (acquired directly or through acquisitions). All of the intangible assets have finite lives and as such are subject to amortization. The weighted average remaining useful life of the intangible assets is 9 years (3 years for software and software licenses, 13 years for customer contracts and lists, and 12 years for other). Amortization of intangibles totaled $145 million for fiscal 2004, $114 million for fiscal 2003 and $115 million for fiscal 2002. Estimated amortization expense of the Company's existing intangible assets for the next five fiscal years are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangibles</td>
<td>$140,239</td>
<td>$116,681</td>
<td>$ 96,269</td>
<td>$ 75,001</td>
<td>$ 46,287</td>
</tr>
</tbody>
</table>

**Note 7. Short-term Financing**

In June 2004, the Company entered into two new unsecured revolving credit agreements, each for $2.25 billion, with certain financial institutions, replacing an existing $4.5 billion credit agreement which was due to expire in September 2004. The interest rate applicable to the borrowings is tied to LIBOR or prime rate depending on the notification provided by the Company to the syndicated financial institutions prior to borrowing. The Company is also required to pay facility fees on the credit agreements. The primary uses of the credit facilities are to provide liquidity to the unsecured commercial paper program and to provide funding for general corporate purposes, if necessary. The Company had no borrowings through June 30, 2004 under the new credit agreements or the credit agreement that was replaced. The two new unsecured revolving credit agreements expire in June 2005 and June 2009, respectively.

In April 2002, we initiated a U.S. short-term commercial paper program providing for the issuance of up to $4.0 billion in aggregate maturity value of commercial paper at our discretion. In November 2003, the Company increased the aggregate maturity value of commercial paper available under the program to $4.5 billion. Our commercial paper program is rated A-1+ by Standard & Poor's and Prime 1 by Moody's. These ratings denote the highest quality commercial paper securities. Maturities of commercial paper can range from overnight to 270 days. At June 30, 2004 and 2003, there was no commercial paper outstanding. For fiscal 2004 and 2003, the Company's average borrowings were $1.0 billion and $0.9 billion, respectively, at a weighted average interest rate of 1.0% and 1.5%, respectively. The weighted average maturity of the Company's commercial paper during fiscal 2004 and 2003 was less than two days for both periods.

The Company's U.S. and Canadian short-term funding requirements related to client funds obligations are sometimes obtained on a secured basis through the use of repurchase agreements, which are collateralized principally by government and government agency securities. These agreements generally have terms ranging from overnight up to five business days. At June 30, 2004 and 2003, there were no outstanding repurchase agreements. For the years ended June 30, 2004 and 2003, the Company had an average outstanding balance of $32.0 million and $6.1 million, respectively, at a weighted average interest rate of 1.8% and 3.0%, respectively.

**Note 8. Debt**
Components of long-term debt are as follows:

<table>
<thead>
<tr>
<th>June 30,</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero coupon convertible subordinated notes (5.25% yield)</td>
<td>$31,863</td>
<td>$39,661</td>
</tr>
<tr>
<td>Industrial revenue bonds (with variable interest rates from 1.15% to 1.58%)</td>
<td>36,525</td>
<td>36,500</td>
</tr>
<tr>
<td>Other</td>
<td>8,327</td>
<td>9,338</td>
</tr>
<tr>
<td>Less current portion</td>
<td>(515)</td>
<td>(825)</td>
</tr>
<tr>
<td></td>
<td>$76,200</td>
<td>$84,674</td>
</tr>
</tbody>
</table>

The zero coupon convertible subordinated notes had a face value of approximately $48 million at June 30, 2004 and mature February 20, 2012, unless converted or redeemed earlier. At June 30, 2004, the notes were convertible into approximately 1.2 million shares of the Company’s common stock. The notes are callable at the option of the Company, and the holders of the notes can convert into common stock at any time or require redemption in fiscal 2007. During fiscal 2004 and 2003, approximately $14 million and $18 million face value of notes were converted, respectively. As of June 30, 2004 and 2003, the quoted market prices for the zero coupon notes were approximately $52 million and $55 million, respectively. The fair value of the other debt, included above, approximates its carrying value.

Long-term debt repayments at June 30, 2004 are due as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$402</td>
</tr>
<tr>
<td>2007</td>
<td>344</td>
</tr>
<tr>
<td>2008</td>
<td>169</td>
</tr>
<tr>
<td>2009</td>
<td>16,366</td>
</tr>
<tr>
<td>2010</td>
<td>-</td>
</tr>
<tr>
<td>Thereafter</td>
<td>58,919</td>
</tr>
<tr>
<td>---------</td>
<td>--------</td>
</tr>
<tr>
<td>Total</td>
<td>$76,200</td>
</tr>
</tbody>
</table>

Cash payments relating to interest were approximately $14 million in fiscal 2004, $20 million in fiscal 2003 and $18 million in fiscal 2002.

Note 9. Funds Held for Clients and Client Funds Obligations

As part of its integrated payroll and payroll tax filing services, the Company impounds funds for federal, state and local employment taxes from approximately 379,000 clients; handles regulatory payroll tax filings, correspondence, amendments, and penalty and interest disputes; remits the funds to the appropriate tax agencies; and handles other employer-related services. In addition to fees paid by clients for these services, the Company receives interest during the interval between the receipt and disbursement of these funds by investing the funds primarily in fixed-income instruments. The amount of collected but not yet remitted funds for the Company’s payroll and payroll tax filing and other services varies significantly during the year, and averaged approximately $11.1 billion in fiscal 2004, $8.9 billion in fiscal 2003 and $8.4 billion in fiscal 2002.

Note 10. Employee Benefit Plans

A. Stock Plans. The Company has stock option plans which provide for the issuance, to eligible employees, of incentive and non-qualified stock options, which may expire as much as 10 years from the date of grant, at prices not less than the fair market value on the date of grant. At June 30, 2004, there were 9,096 participants in the plans. The aggregate purchase price for options outstanding at June 30, 2004 was approximately $2.9 billion. The options expire at various points beginning in fiscal 2005 through fiscal 2014.

A summary of changes in the stock option plans for the three years ended June 30, 2004, is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Options</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(In thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Average Price (In dollars)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---
The Company has stock purchase plans under which eligible employees have the ability to purchase shares of common stock at 85% of the lower of market value as of the date of purchase election or as of the end of the plans. Approximately 3.3 million and 3.0 million shares are scheduled for issuance on December 31, 2005 and 2004, respectively. Approximately 1.9 million and 1.5 million shares were issued during the years ended June 30, 2004 and 2003, respectively. At June 30, 2004 and 2003, there were approximately 8.0 million and 0.6 million shares, respectively, reserved for purchase under the plans. As of June 30, 2004 and 2003, employee stock purchase plan withholdings of $63 million and $60 million, respectively, were included in accrued expenses and other current liabilities, and $26 million and $27 million, respectively, were included in other non-current liabilities on our Consolidated Balance Sheets.

The Company has a restricted stock plan under which shares of common stock have been sold for nominal consideration to certain key employees. These shares are restricted as to transfer and in certain circumstances must be resold to the Company at the original purchase price. The Company records stock compensation expense relating to the issuance of restricted stock over the period during which the transfer restrictions exist, which is up to six years. During the fiscal years ended June 30, 2004, 2003 and 2002, the Company issued 393 thousand, 221 thousand and 144 thousand restricted shares, respectively.

B. Pension Plans. The Company has a defined benefit cash balance pension plan covering substantially all U.S. employees, under which employees are credited with a percentage of base pay plus interest. The plan interest credit rate will vary from year-to-year based on the ten-year U.S. Treasury rate. Employees are fully vested on completion of five years of service. The Company's policy is to make contributions within the range determined by generally accepted actuarial principles. In addition, the Company has various retirement plans for its non-U.S. employees and maintains a Supplemental Officer Retirement Plan ("SORP"). The SORP is a defined benefit plan pursuant to which the Company will pay supplemental pension benefits to certain key officers upon retirement based upon the officer's years of service and compensation.

A June 30 measurement date was used in determining the majority of the Company's benefit obligations and fair value of plan assets.

The Company's pension plans' funded status as of June 30, 2004 and 2003 follows:

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Summary information about stock options outstanding as of June 30, 2004 is as follows:

<table>
<thead>
<tr>
<th>Exercise Price Range</th>
<th>Outstanding</th>
<th>Exercisable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Remaining Life</td>
</tr>
<tr>
<td></td>
<td>Options</td>
<td>(In years)</td>
</tr>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
</tr>
<tr>
<td>Under $15</td>
<td>589</td>
<td>0.5</td>
</tr>
<tr>
<td>$15 to $25</td>
<td>4,243</td>
<td>2.0</td>
</tr>
<tr>
<td>$25 to $35</td>
<td>11,757</td>
<td>6.6</td>
</tr>
<tr>
<td>$35 to $45</td>
<td>29,417</td>
<td>7.6</td>
</tr>
<tr>
<td>$45 to $55</td>
<td>29,417</td>
<td>7.8</td>
</tr>
<tr>
<td>Over $55</td>
<td>5,217</td>
<td>6.2</td>
</tr>
</tbody>
</table>

The Company has stock purchase plans under which eligible employees have the ability to purchase shares of common stock at 85% of the lower of market value as of the date of purchase election or as of the end of the plans. Approximately 3.3 million and 3.0 million shares are scheduled for issuance on December 31, 2005 and 2004, respectively. Approximately 1.9 million and 1.5 million shares were issued during the years ended June 30, 2004 and 2003, respectively. At June 30, 2004 and 2003, there were approximately 8.0 million and 0.6 million shares, respectively, reserved for purchase under the plans. As of June 30, 2004 and 2003, employee stock purchase plan withholdings of $63 million and $60 million, respectively, were included in accrued expenses and other current liabilities, and $26 million and $27 million, respectively, were included in other non-current liabilities on our Consolidated Balance Sheets.

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A June 30 measurement date was used in determining the majority of the Company's benefit obligations and fair value of plan assets.

The Company’s pension plans' funded status as of June 30, 2004 and 2003 follows:

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Summary information about stock options outstanding as of June 30, 2004 is as follows:

<table>
<thead>
<tr>
<th>Exercise Price Range</th>
<th>Outstanding</th>
<th>Exercisable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Remaining Life</td>
</tr>
<tr>
<td></td>
<td>Options</td>
<td>(In years)</td>
</tr>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
</tr>
<tr>
<td>Under $15</td>
<td>589</td>
<td>0.5</td>
</tr>
<tr>
<td>$15 to $25</td>
<td>4,243</td>
<td>2.0</td>
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<tr>
<td>$25 to $35</td>
<td>11,757</td>
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<tr>
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<td>29,417</td>
<td>7.6</td>
</tr>
<tr>
<td>$45 to $55</td>
<td>29,417</td>
<td>7.8</td>
</tr>
<tr>
<td>Over $55</td>
<td>5,217</td>
<td>6.2</td>
</tr>
</tbody>
</table>
The accumulated benefit obligation for all defined benefit pension plans was $629,000 and $582,700 at June 30, 2004 and 2003, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the Company's pension plans with accumulated benefit obligations in excess of plan assets were $70 million, $65 million and $23 million, respectively, as of June 30, 2004, and $67 million, $59 million and $19 million, respectively, as of June 30, 2003.

The components of net pension expense were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost - benefits earned during the period</td>
<td>$23,000</td>
<td>$25,600</td>
<td>$17,400</td>
</tr>
<tr>
<td>Interest cost on projected benefits</td>
<td>33,700</td>
<td>31,200</td>
<td>29,100</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(50,500)</td>
<td>(50,500)</td>
<td>(46,300)</td>
</tr>
<tr>
<td>Net amortization and deferral</td>
<td>10,200</td>
<td>1,100</td>
<td>(500)</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>$16,400</td>
<td>$7,400</td>
<td>$ (300)</td>
<td></td>
</tr>
</tbody>
</table>

Assumptions used to determine the actuarial present value of benefit obligations generally were:

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>6.00%</td>
<td>5.75%</td>
</tr>
<tr>
<td>Increase in compensation levels</td>
<td>6.00%</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

Assumptions used to determine the net periodic benefit cost generally were:

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.75%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Expected long-term rate of return on assets</td>
<td>7.25%</td>
<td>8.50%</td>
</tr>
<tr>
<td>Increase in compensation levels</td>
<td>6.00%</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

The long-term expected rate of return on assets assumption is 7.25%. This percentage has been determined based on historical and expected future rates of return on plan assets considering the target asset mix and the long-term investment strategy.

Plan Assets
The Company's pension plans' weighted average asset allocations at June 30, 2004 and 2003, by asset category were as follows:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Fixed Income Securities</td>
<td>31%</td>
<td>41%</td>
</tr>
<tr>
<td>United States Equity Securities</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>International Equity Securities</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The Company's pension plans' asset investment strategy is designed to ensure prudent management of assets, consistent with long-term return objectives and the prompt fulfillment of all pension plan obligations. The investment strategy and asset mix were developed in coordination with an asset liability study conducted by external consultants to maximize the funded ratio with the least amount of volatility.

The pension plans' assets are currently invested in various asset classes with differing expected rates of return, correlations and volatilities including large capitalization and small capitalization U.S. equities, international equities, and U.S. fixed income securities and cash.

The target asset allocation ranges are as follows:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Fixed Income Securities</td>
<td>30 - 40%</td>
</tr>
<tr>
<td>United States Equity Securities</td>
<td>45 - 55%</td>
</tr>
<tr>
<td>International Equity Securities</td>
<td>12 - 20%</td>
</tr>
<tr>
<td>Total Equities</td>
<td>60 - 70%</td>
</tr>
</tbody>
</table>

The pension plans' fixed income portfolio is designed to match the duration and liquidity characteristics of the pension plans' liabilities. In addition, the pension plans invest only in investment-grade debt securities to ensure preservation of capital. The pension plans' equity portfolios are subject to diversification guidelines to reduce the impact of losses in single investments. Investment managers are prohibited from buying or selling commodities, futures or option contracts, and from short selling of securities.

None of the assets of the pension plans are directly invested in the Company's stock, although the pension plans may hold a minimal amount of Company stock to the extent of the Company's participation in the S&P 500 Index.

Contributions

The minimum required contributions to the Company's pension plans is $0 in fiscal 2005; however, the Company expects to contribute approximately $25 million.

Estimated Future Benefit Payments

The benefits expected to be paid in each year from fiscal 2005 to 2009 are $17 million, $18 million, $24 million, $26 million and $32 million, respectively. The aggregate benefits expected to be paid in the five fiscal years from 2010 to 2014 are $276 million. The expected benefits to be paid are based on the same assumptions used to measure the Company's pension plans' benefit obligation at June 30, 2004 and include estimated future employee service.

C. Retirement and Savings Plan. The Company has a 401(k) retirement and savings plan, which allows eligible employees to contribute up to 20% of their compensation annually and allows highly compensated employees to contribute up to 10% of their compensation annually. The Company matches a portion of employee contributions, which amounted to approximately $35 million, $34 million and $35 million for calendar years 2003, 2002 and 2001, respectively.

Note 11. Income Taxes

Earnings before income taxes shown below are based on the geographic location to which such earnings are attributable.

<table>
<thead>
<tr>
<th>Years ended June 30,</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before income taxes:</td>
<td>----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>United States</td>
<td>$1,307,465</td>
<td>$1,474,915</td>
<td>$1,618,885</td>
</tr>
<tr>
<td>Foreign</td>
<td>187,065</td>
<td>170,285</td>
<td>168,085</td>
</tr>
<tr>
<td></td>
<td>$1,494,530</td>
<td>$1,645,200</td>
<td>$1,786,970</td>
</tr>
</tbody>
</table>

The provision for income taxes consists of the following components:
A reconciliation between the Company's effective tax rate and the U.S. federal statutory rate is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$350,265</td>
<td>$496,920</td>
<td>$542,980</td>
</tr>
<tr>
<td>Foreign</td>
<td>78,450</td>
<td>84,180</td>
<td>67,380</td>
</tr>
<tr>
<td>State</td>
<td>21,090</td>
<td>61,725</td>
<td>67,160</td>
</tr>
<tr>
<td>Total current</td>
<td>449,805</td>
<td>642,825</td>
<td>677,520</td>
</tr>
<tr>
<td>Deferred:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>100,125</td>
<td>430</td>
<td>6,525</td>
</tr>
<tr>
<td>Foreign</td>
<td>(13,720)</td>
<td>(16,350)</td>
<td>(20)</td>
</tr>
<tr>
<td>State</td>
<td>22,750</td>
<td>145</td>
<td>2,175</td>
</tr>
<tr>
<td>Total deferred</td>
<td>109,155</td>
<td>(15,775)</td>
<td>8,680</td>
</tr>
<tr>
<td>Total provision</td>
<td>$558,960</td>
<td>$627,050</td>
<td>$686,200</td>
</tr>
</tbody>
</table>

The significant components of deferred income tax assets and liabilities and their balance sheet classifications are as follows:

<table>
<thead>
<tr>
<th>June 30,</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses not currently deductible</td>
<td>$190,541</td>
<td>$178,893</td>
</tr>
<tr>
<td>Net operating losses</td>
<td>45,916</td>
<td>58,178</td>
</tr>
<tr>
<td>Other</td>
<td>30,168</td>
<td>29,023</td>
</tr>
<tr>
<td>Less: Valuation allowances</td>
<td>266,625</td>
<td>266,094</td>
</tr>
<tr>
<td>Deferred tax assets - net</td>
<td>$240,767</td>
<td>$233,874</td>
</tr>
<tr>
<td>Deferred tax liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized investment gains, net</td>
<td>$22,390</td>
<td>$142,102</td>
</tr>
<tr>
<td>Accrued retirement benefits</td>
<td>112,323</td>
<td>90,730</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>275,806</td>
<td>188,943</td>
</tr>
<tr>
<td>Other</td>
<td>47,305</td>
<td>49,244</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>$457,824</td>
<td>$471,019</td>
</tr>
<tr>
<td>Net deferred tax liabilities</td>
<td>$217,057</td>
<td>$237,145</td>
</tr>
</tbody>
</table>

There are $84.0 million and $104.7 million current deferred tax assets included in other current assets in the balance sheets at June 30, 2004 and June 30, 2003, respectively. There are $17.3 million and $21.0 million current deferred tax liabilities included in accrued expenses and other current liabilities in the balance sheets at June 30, 2004 and June 30, 2003, respectively.
Income taxes have not been provided on undistributed earnings of foreign subsidiaries as the Company considers such earnings to be permanently reinvested as of June 30, 2004 and June 30, 2003.

The Company has estimated domestic and foreign net operating loss carry forwards of approximately $55.5 million and $70.1 million, respectively, at June 30, 2004 and approximately $103.2 and $66.9 million, respectively, at June 30, 2003.

The Company has recorded valuation allowances of $25.8 million and $32.2 million at June 30, 2004 and June 30, 2003, respectively, to reflect the estimated amount of foreign deferred tax assets that may not be realized. A portion of the valuation allowances in the amounts of approximately $3.4 million and $11.6 million at June 30, 2004 and June 30, 2003, respectively, relate to net deferred tax assets which were recorded in purchase accounting. Any recognition of such amounts in future years will be a reduction to goodwill.

Income tax payments were approximately $539 million in 2004, $686 million in 2003 and $518 million in 2002.

**Note 12. Contractual Commitments, Contingencies and Off-Balance Sheet Arrangements**

The Company has obligations under various facilities and equipment leases and software license agreements. Total expense under these agreements was approximately $317 million in 2004, $319 million in 2003 and $272 million in 2002, with minimum commitments at June 30, 2004 as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In addition to fixed rentals, certain leases require payment of maintenance and real estate taxes and contain escalation provisions based on future adjustments in price indices.

As of June 30, 2004, the Company has purchase commitments of approximately $89 million relating to software and equipment maintenance contracts, of which $46 million relates to fiscal 2005 and the remaining $43 million relates to fiscal years 2006 through 2009.

The Company is subject to various claims and litigation in the normal course of business. The Company does not believe that the resolution of these matters will have a material impact on the consolidated financial statements.

It is not the Company's business practice to enter into off-balance sheet arrangements. However, in the normal course of business, the Company does enter into contracts in which it makes representations and warranties that guarantee the performance of the Company's products and services. Historically, there have been no material losses related to such guarantees. The Company also has provisions within certain contracts that require the Company to make future payments if specific conditions occur. The maximum potential payments under these contracts is not material to the consolidated financial statements.

**Note 13. Accumulated Other Comprehensive (Loss) Income**

Comprehensive income is a measure of income which includes both net income and other comprehensive (loss) income. Other comprehensive (loss) income results from items deferred on the balance sheet in stockholders' equity. Other comprehensive (loss) income was $(178) million, $277 million and $115 million in 2004, 2003 and 2002, respectively. The accumulated balances for each component of other comprehensive (loss) income are as follows:

<table>
<thead>
<tr>
<th>June 30,</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency translation adjustments</td>
<td>$(52,408)</td>
<td>$(69,535)</td>
<td>$(243,581)</td>
</tr>
<tr>
<td>Unrealized gain on available-for-sale securities, net of tax</td>
<td>37,479</td>
<td>233,830</td>
<td>125,268</td>
</tr>
<tr>
<td>Minimum pension liability adjustment, net of tax</td>
<td>(4,581)</td>
<td>(5,476)</td>
<td>–</td>
</tr>
<tr>
<td>Accumulated other comprehensive (loss) income</td>
<td>$(19,510)</td>
<td>$158,819</td>
<td>$(118,313)</td>
</tr>
</tbody>
</table>
Note 14. Financial Data By Segment

Employer Services, Brokerage Services and Dealer Services are the Company's largest business units. The primary components of "Other" are Claims Services, miscellaneous processing services, and corporate allocations and expenses. The Company evaluates performance of its business units based on operating results before interest on corporate funds, foreign currency gains and losses, and income taxes. Certain revenues and expenses are charged to business units at a standard rate for management reasons. Other costs are recorded based on management responsibility. The 2003 and 2002 business unit revenues and earnings before income taxes have been adjusted to reflect updated fiscal year 2004 budgeted foreign exchange rates. In addition, Employer Services' prior year's revenues and earnings before income taxes were adjusted to include interest income earned on funds held for clients at a standard rate of 4.5%. Prior to fiscal year 2004, Employer Services was credited with interest earned on client funds at 6.0%. Given the decline in interest rates over recent years, the standard rate has been changed to 4.5%. The business unit results also include a cost of capital charge related to the funding of acquisitions and other investments. All of these adjustments/charges are eliminated in consolidation and as such represent a reconciling item to earnings before income taxes. Business unit assets include funds held for clients but exclude corporate cash, marketable securities and goodwill.

Revenues and assets by geographic area are as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>United States</th>
<th>Europe</th>
<th>Canada</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended June 30, 2004</td>
<td>$6,449</td>
<td>$881</td>
<td>$354</td>
<td>$71</td>
<td>$7,755</td>
</tr>
<tr>
<td>Assets</td>
<td>$17,591</td>
<td>$1,662</td>
<td>$1,719</td>
<td>$149</td>
<td>$21,121</td>
</tr>
<tr>
<td>Year ended June 30, 2003</td>
<td>$6,016</td>
<td>$775</td>
<td>$292</td>
<td>$64</td>
<td>$7,147</td>
</tr>
<tr>
<td>Assets</td>
<td>$16,841</td>
<td>$1,476</td>
<td>$1,391</td>
<td>$126</td>
<td>$19,834</td>
</tr>
<tr>
<td>Year ended June 30, 2002</td>
<td>$5,978</td>
<td>$673</td>
<td>$270</td>
<td>$83</td>
<td>$7,004</td>
</tr>
<tr>
<td>Assets</td>
<td>$16,055</td>
<td>$1,214</td>
<td>$843</td>
<td>$165</td>
<td>$18,277</td>
</tr>
</tbody>
</table>

Note 15. Quarterly Financial Results (Unaudited)

Summarized quarterly results of operations for the two years ended June 30, 2004 are as follows:

<table>
<thead>
<tr>
<th>Reconciling Items</th>
<th>Employer Services</th>
<th>Brokerage Services</th>
<th>Dealer Services</th>
<th>Other</th>
<th>Foreign Exchange</th>
<th>Interest</th>
<th>Capital Charge</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended June 30, 2004</td>
<td>$4,809</td>
<td>$1,665</td>
<td>$890</td>
<td>$476</td>
<td>$55</td>
<td>$(140)</td>
<td>$1,495</td>
<td></td>
</tr>
<tr>
<td>Year ended June 30, 2003</td>
<td>$4,390</td>
<td>$1,610</td>
<td>$813</td>
<td>$462</td>
<td>$(87)</td>
<td>$(41)</td>
<td>$204</td>
<td></td>
</tr>
<tr>
<td>Year ended June 30, 2002</td>
<td>$4,176</td>
<td>$1,777</td>
<td>$732</td>
<td>$464</td>
<td>$(195)</td>
<td>$(50)</td>
<td>$307</td>
<td></td>
</tr>
</tbody>
</table>

Revenues | $2,205 | $3,140 | $1,948 | $1,022 | $3,315 |
Assets | $9,241 | $8,077 | $5,180 | $3,300 | $24,798 |
<table>
<thead>
<tr>
<th></th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended June 30, 2004</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$1,720,277</td>
<td>$1,827,400</td>
<td>$2,121,435</td>
<td>$2,085,830</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$194,850</td>
<td>$228,580</td>
<td>$300,250</td>
<td>$211,890</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$.33</td>
<td>$.39</td>
<td>$.51</td>
<td>$.36</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$.32</td>
<td>$.38</td>
<td>$.50</td>
<td>$.36</td>
</tr>
<tr>
<td><strong>Year ended June 30, 2003</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$1,646,685</td>
<td>$1,682,995</td>
<td>$1,905,778</td>
<td>$1,911,559</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$210,400</td>
<td>$261,690</td>
<td>$329,390</td>
<td>$216,670</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$.35</td>
<td>$.44</td>
<td>$.55</td>
<td>$.36</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$.34</td>
<td>$.43</td>
<td>$.54</td>
<td>$.36</td>
</tr>
</tbody>
</table>
Management is responsible for the preparation of the accompanying financial statements. The financial statements, which include amounts based on the application of business judgments, have been prepared in conformity with accounting principles generally accepted in the United States of America. Deloitte & Touche LLP, an independent registered public accounting firm, has audited our consolidated financial statements as described in their report.

The Company maintains financial control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with management authorization. The control systems are supported by written policies and the control environment is regularly evaluated by both the Company’s internal auditors and Deloitte & Touche LLP.

The Board of Directors has an Audit Committee comprised of four outside directors. The Audit Committee meets with both Deloitte & Touche LLP and the internal auditors with and without management's presence. It monitors and reviews the Company's financial statements and internal controls, and the scope of the internal auditors' and Deloitte & Touche LLP's audits. Deloitte & Touche LLP and the internal auditors have free access to the Audit Committee.

/s/ Arthur F. Weinbach
-----------------------
Arthur F. Weinbach
Chairman and Chief Executive Officer

/s/ Karen E. Dykstra
---------------------
Karen E. Dykstra
Chief Financial Officer

Roseland, New Jersey
August 11, 2004
Board of Directors and Stockholders of
Automatic Data Processing, Inc.
Roseland, New Jersey

We have audited the accompanying consolidated balance sheets of Automatic Data Processing, Inc. and subsidiaries ("the Company") as of June 30, 2004 and 2003, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP
-------------------------
New York, New York
August 11, 2004
<table>
<thead>
<tr>
<th>Name of Subsidiary</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>71 Hanover Florham Park Associates LLC</td>
<td>New Jersey</td>
</tr>
<tr>
<td>ABZ Group B.V.</td>
<td>Netherlands</td>
</tr>
<tr>
<td>ABZ Nederland B.V.</td>
<td>Netherlands</td>
</tr>
<tr>
<td>ADP Atlantic, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Belgium CVA</td>
<td>Belgium</td>
</tr>
<tr>
<td>ADP Brasil Ltda.</td>
<td>Brazil</td>
</tr>
<tr>
<td>ADP Broker-Dealer, Inc.</td>
<td>New Jersey</td>
</tr>
<tr>
<td>ADP Brokerage International Limited</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>ADP Canada Co.</td>
<td>Canada</td>
</tr>
<tr>
<td>ADP Central, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Claims Solutions Group, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Commercial Leasing, LLC</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Dealer Services Deutschland GmbH</td>
<td>Germany</td>
</tr>
<tr>
<td>ADP Dealer Services France SAS</td>
<td>France</td>
</tr>
<tr>
<td>ADP Dealer Services Italia s.r.l.</td>
<td>Italy</td>
</tr>
<tr>
<td>ADP East, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Employer Services GmbH</td>
<td>Germany</td>
</tr>
<tr>
<td>ADP Europe S.A.</td>
<td>France</td>
</tr>
<tr>
<td>ADP France S.A.</td>
<td>France</td>
</tr>
<tr>
<td>ADP Financial Information Services, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Graphic Communications, Inc.</td>
<td>New Jersey</td>
</tr>
<tr>
<td>ADP GSI Espana S.A.</td>
<td>Spain</td>
</tr>
<tr>
<td>ADP GSI France SAS</td>
<td>France</td>
</tr>
<tr>
<td>ADP Hollander, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Indemnity, Inc.</td>
<td>Vermont</td>
</tr>
<tr>
<td>ADP Integrated Medical Solutions, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Investor Communication Services, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Investor Communications Corporation</td>
<td>Canada</td>
</tr>
<tr>
<td>ADP Nederland B.V.</td>
<td>Netherlands</td>
</tr>
<tr>
<td>ADP Network Services International, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Network Services Limited</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>ADP of North America, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP of Roseland, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Output Services, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Pacific, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Payroll Services, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Screening and Selection Services, Inc.</td>
<td>Colorado</td>
</tr>
<tr>
<td>ADP South, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP Tax Services, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ADP TotalSource Group, Inc.</td>
<td>Florida</td>
</tr>
<tr>
<td>ADP Wilco Ltd.</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Audatex GmbH</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Audatex Holding GmbH</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Audatex Deutschland Datenverarbeitungs GmbH</td>
<td>Germany</td>
</tr>
<tr>
<td>Automatic Data Processing Limited</td>
<td>Australia</td>
</tr>
<tr>
<td>Automatic Data Processing Limited</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Automatic Data Processing SPRL</td>
<td>Belgium</td>
</tr>
</tbody>
</table>
In accordance with Item 601(b)(21) of Regulation S-K, the Registrant has omitted the names of particular subsidiaries because the unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not have constituted a significant subsidiary as of June 30, 2004.

<table>
<thead>
<tr>
<th>Name of Subsidiary</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Directions, Inc.</td>
<td>Wisconsin</td>
</tr>
<tr>
<td>Business Management Software Limited</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Cunningham Graphics International, Inc.</td>
<td>New Jersey</td>
</tr>
<tr>
<td>Digital Motorworks Holdings, Inc.</td>
<td>Texas</td>
</tr>
<tr>
<td>GSI Transport Tourisme S.A.</td>
<td>France</td>
</tr>
<tr>
<td>Informex S.A.</td>
<td>Belgium</td>
</tr>
<tr>
<td>ProBusiness Holding Company, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>ProBusiness Services, Inc.</td>
<td>Delaware</td>
</tr>
</tbody>
</table>
CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM


/s/ Deloitte & Touche LLP

New York, New York
August 30, 2004
EXHIBIT 31.1

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Arthur F. Weinbach, certify that:

1. I have reviewed this annual report on Form 10-K of Automatic Data Processing, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 30, 2004

/s/ Arthur F. Weinbach
Arthur F. Weinbach
Chairman and
Chief Executive Officer
EXHIBIT 31.2

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Karen E. Dykstra, certify that:

1. I have reviewed this annual report on Form 10-K of Automatic Data Processing, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 30, 2004

/s/ Karen E. Dykstra
Karen E. Dykstra
Chief Financial Officer
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Automatic Data Processing, Inc. (the "Company") on Form 10-K for the fiscal year ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arthur F. Weinbach, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

\[/s/\ Arthur F. Weinbach\]

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Arthur F. Weinbach
Chairman and
Chief Executive Officer
August 30, 2004
CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Automatic Data Processing, Inc. (the "Company") on Form 10-K for the fiscal year ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Karen E. Dykstra, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Karen E. Dykstra
------------------------
Karen E. Dykstra
Chief Financial Officer
August 30, 2004

End of Filing