

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarter Ended September 30, 2003

Commission File Number 0-16093

CONMED CORPORATION

(Exact name of the registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

16-0977505
(I.R.S. Employer
Identification No.)

525 French Road, Utica, New York
(Address of principal executive offices)

13502
(Zip Code)

(315) 797-8375
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes No

The number of shares outstanding of registrant's common stock, as of October 30, 2003 is 29,049,234 shares.

CONMED CORPORATION

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Item 1.

CONMED CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(in thousands except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2003	2002	2003
Net sales	\$113,332	\$120,747	\$337,806	\$363,321
Cost of sales	54,429	57,516	160,244	173,303
Gross profit	58,903	63,231	177,562	190,018
Selling and administrative	34,562	38,596	104,171	115,094
Research and development	4,253	4,487	12,155	12,568
Write-off of purchased in-process research and development assets ...	--	--	--	7,900
Other expense	1,475	1,153	1,475	4,883
	40,290	44,236	117,801	140,445
Income from operations	18,613	18,995	59,761	49,573
Interest expense	5,765	3,829	18,748	15,228
Income before income taxes	12,848	15,166	41,013	34,345
Provision for income taxes	4,625	5,460	14,764	15,208
Net income	\$ 8,223	\$ 9,706	\$ 26,249	\$ 19,137
Per share data:				
Net income				
Basic	\$.29	\$.34	\$.98	\$.66
Diluted .....	.28	.33	.96	.66
Weighted average common shares				
Basic	28,613	28,941	26,870	28,909
Diluted	29,043	29,391	27,470	29,190

See notes to consolidated condensed financial statements.

	December 31, 2002	September 30, 2003
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,626	\$ 11,122
Accounts receivable, net	58,093	61,206
Inventories	120,443	127,583
Deferred income taxes	6,304	5,829
Prepaid expenses and other current assets	3,200	3,430
	-----	-----
Total current assets	193,666	209,170
	-----	-----
Property, plant and equipment, net	95,608	96,717
Goodwill	262,394	292,152
Other intangible assets, net	180,271	192,330
Other assets	10,201	11,117
	-----	-----
Total assets	\$ 742,140	\$ 801,486
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 2,631	\$ 4,067
Accounts payable	22,074	20,296
Accrued compensation	10,463	7,954
Income taxes payable	5,885	8,142
Accrued interest	3,794	1,604
Other current liabilities	13,127	15,051
	-----	-----
Total current liabilities	57,974	57,114
	-----	-----
Long-term debt	254,756	276,883
Deferred income taxes	28,446	42,212
Other long-term liabilities	14,025	12,644
	-----	-----
Total liabilities	355,201	388,853
	-----	-----
Shareholders' equity:		
Preferred stock, par value \$.01 per share; authorized 500,000 shares; none outstanding	--	--
Common stock, par value \$.01 per share; 100,000,000 shares authorized; 28,808,105 and 28,997,488 shares issued and outstanding in 2002 and 2003, respectively	288	291
Paid-in capital	231,832	235,144
Retained earnings	162,391	181,528
Accumulated other comprehensive loss	(7,153)	(3,911)
Less 37,500 shares of common stock in treasury, at cost	(419)	(419)
	-----	-----
Total shareholders' equity	386,939	412,633
	-----	-----
Total liabilities and shareholders equity	\$ 742,140	\$ 801,486
	=====	=====

See notes to consolidated condensed financial statements.

Cash flows from operating activities:		
Net income	\$ 26,249	\$ 19,137
	-----	-----
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	6,731	7,717
Amortization	9,843	10,516
Deferred income taxes	7,973	8,302
Pension settlement charge	--	2,839
Write-off of deferred financing fees	1,475	2,181
Write-off of purchased in-process research and development assets	--	7,900
Increase (decrease) in cash flows from changes in assets and liabilities:		
Accounts receivable	(2,588)	(2,162)
Increase (decrease) in sale of accounts receivable	(2,000)	2,000
Inventories	(14,006)	(8,588)
Accounts payable	4,808	(3,129)
Income taxes payable	883	2,642
Accrued compensation	(2,081)	(2,879)
Accrued interest	(3,796)	(2,190)
Other assets/liabilities, net	(4,961)	(5,625)
	-----	-----
	2,281	19,524
	-----	-----
Net cash provided by operating activities	28,530	38,661
	-----	-----
Cash flows from investing activities:		
Payments related to business acquisitions, net of cash acquired	(2,359)	(52,307)
Purchases of property, plant, and equipment	(10,561)	(6,291)
	-----	-----
Net cash used by investing activities	(12,920)	(58,598)
	-----	-----
Cash flows from financing activities:		
Net proceeds from issuance of common stock	66,123	--
Net proceeds from exercise of stock options	3,669	1,255
Repurchase of warrant on common stock	(2,000)	--
Payments on debt	(183,097)	(136,437)
Proceeds of debt	101,000	160,000
Payments related to issuance of debt	(1,513)	(1,300)
	-----	-----
Net cash provided (used) by financing activities ...	(15,818)	23,518
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	1,319	1,915
	-----	-----
Net increase in cash and cash equivalents	1,111	5,496
Cash and cash equivalents at beginning of period	1,402	5,626
	-----	-----
Cash and cash equivalents at end of period	\$ 2,513	\$ 11,122
	=====	=====

See notes to consolidated condensed financial statements.

CONMED CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(in thousands except share amounts)

Note 1 - Organization and operations

The consolidated condensed financial statements include the accounts of CONMED Corporation and its subsidiaries ("CONMED", the "Company", "we" or "us"). All intercompany accounts and transactions have been eliminated. CONMED Corporation is a medical technology company specializing in instruments, implants and video equipment for arthroscopic sports medicine, and powered surgical instruments, such as drills and saws, for orthopedic, ENT, neuro-surgery and other surgical

specialties. We are a leading developer, manufacturer and supplier of RF electrosurgery systems used routinely to cut and cauterize tissue in nearly all types of surgical procedures worldwide, endoscopy products such as trocars, clip appliers, scissors and surgical staplers and a full line of ECG electrodes for heart monitoring and other patient care products. We also offer integrated operating room systems and intensive care unit service managers. Our products are used in a variety of clinical settings, such as operating rooms, surgery centers, physicians' offices and critical care areas of hospitals. Our business is organized, managed and internally reported as a single segment, since our product offerings have similar economic, operating and other related characteristics.

Stock-based Compensation

We account for our stock-based compensation plans under the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees". No compensation expense has been recognized in the accompanying financial statements relative to our stock option plans. Pro forma information regarding net income and earnings per share is required by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" , as amended, and has been determined as if we had accounted for our employee stock options under the fair value method described in that statement.

For purposes of the pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows:

	Three months ended September 30,		Nine months ended September 30,	
	2002	2003	2002	2003
Net income - as reported	\$8,223	\$9,706	\$26,249	\$19,137
Pro forma stock-based employee compensation expense, net of related income tax effect	(559)	(586)	(1,583)	(1,689)
Net income - pro forma	\$7,664	\$9,120	\$24,666	\$17,448
EPS - as reported:				
Basic	\$.29	\$.34	\$.98	\$.66
Diluted .....	.28	.33	.96	.66
EPS - pro forma:				
Basic	\$.27	\$.32	\$.92	\$.60
Diluted .....	.26	.31	.90	.60

Note 2 - Interim financial information

The statements for the three and nine months ended September 30, 2002 and 2003 are unaudited; in our opinion such unaudited statements include all adjustments (which comprise only normal recurring accruals) necessary for a fair presentation of the results for such periods. The results of operations for the three and nine months ended September 30, 2003 are not necessarily indicative of the results of operations to be expected for any other quarter nor for the year ending December 31, 2003. The consolidated condensed financial statements and notes thereto should be read in conjunction with the financial statements and notes for the year ended December 31, 2002 included in our Annual Report to the Securities and Exchange Commission on Form 10-K.

Note 3 - Other comprehensive income (loss)

Comprehensive income (loss) consists of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2002	2003	2002	2003
	-----	-----	-----	-----
Net income	\$ 8,223	\$ 9,706	\$26,249	\$19,137
Other comprehensive income:				
Foreign currency translation adjustment	(139)	208	1,338	2,396
Cash flow hedging (net of income taxes)	221	191	659	846
	-----	-----	-----	-----
Comprehensive income	\$ 8,305	\$10,105	\$28,246	\$22,379
	=====	=====	=====	=====

Accumulated other comprehensive income (loss) consists of the following:

	Minimum Pension Liability	Cumulative Translation Adjustments	Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
	-----	-----	-----	-----
Balance, December 31, 2002	\$ (5,086)	\$ (1,159)	\$ (908)	\$ (7,153)
Foreign currency translation adjustments	--	2,396	--	2,396
Cash flow hedging (net of income taxes)	--	--	846	846
	-----	-----	-----	-----
Balance, September 30, 2003	\$ (5,086)	\$ 1,237	\$ (62)	\$ (3,911)
	=====	=====	=====	=====

Note 4 - Inventories

The components of inventory are as follows:

	December 31, 2002	September 30, 2003
	-----	-----
Raw materials	\$ 44,701	\$ 39,905
Work-in-process	12,869	14,898
Finished goods	62,873	72,780
	-----	-----
Total	\$120,443	\$127,583
	=====	=====

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Note 5 - Earnings per share

Basic earnings per share (EPS) is computed based on the weighted average number of common shares outstanding for the period. Diluted EPS gives effect to all dilutive potential shares outstanding (i.e., options and warrants) during the period. The following is a reconciliation of the weighted average shares used in the calculation of basic and diluted EPS (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2002	2003	2002	2003
	-----	-----	-----	-----
Shares used in the calculation of Basic EPS (weighted average shares outstanding)	28,613	28,941	26,870	28,909
Effect of dilutive potential				

securities	430	450	600	281
	-----	-----	-----	-----
Shares used in the calculation of Diluted EPS	29,043	29,391	27,470	29,190
	=====	=====	=====	=====

The shares used in the calculation of diluted EPS exclude warrants and options to purchase shares where the exercise price was greater than the average market price of common shares for the period. Such shares aggregated approximately 1.2 million for the three months ended September 30, 2002, and .6 million for the nine months ended September 30, 2002. Such shares aggregated approximately .9 million for the three months ended September 30, 2003 and 1.5 million for the nine months ended September 30, 2003.

Note 6 - Business acquisitions

As more fully described in our report on Form 10-Q/A for the quarter ended March 31, 2003, we acquired the stock of Bionx Implants, Inc. on March 10, 2003 for \$47.0 million in cash (the "Bionx acquisition"). Bionx develops and manufactures self-reinforced resorbable polymer implants for use in a variety of orthopedic applications. In connection with the Bionx acquisition, during the quarter-ended March 31, 2003, we wrote-off \$7.9 million in purchased in-process research and development assets. No benefit for income taxes was recorded on the write-off of purchased in-process research and development assets as these costs are not deductible for income tax purposes.

Pro forma statements of income for the three and nine months ended September 30, 2003, assuming the Bionx acquisition occurred as of January 1, 2002 are presented below. The proforma net income and earnings per share for each period presented exclude the \$7.9 million write-off of purchased in-process research and development assets.

	Three months ended September 30,		Nine months ended September 30,	
	2002	2003	2002	2003
	-----	-----	-----	-----
Net sales	\$117,633	\$120,747	\$351,434	\$367,003
Net income	\$ 7,558	\$ 9,706	\$ 24,806	\$ 26,473
Basic	\$.26	\$.34	\$.92	\$.92
Diluted .....	.26	.33	.90	.91

During the three and nine months ended September 30, 2003, we incurred approximately \$.4 million and \$3.7 million, respectively, in other acquisition expenses related primarily

to the December 31, 2002 acquisition of CORE Dynamics, Inc. (the "CORE acquisition") and the Bionx acquisition of which \$.4 million and \$3.0 million, respectively, have been recorded in other expense in the three and nine months ended September 30, 2003, and \$.7 million has been recorded to cost of sales in the nine months ended September 30, 2003. Those expenses recorded to other expense consist of various acquisition integration costs to wind down CORE operations in Jacksonville, Florida and Bionx operations in Blue Bell, Pennsylvania. Those expenses recorded to cost of sales consist of the step-up to fair value related to the sale of inventory acquired as a result of the CORE and Bionx acquisitions as well as certain training and transition-related costs related to the transfer of CORE's manufacturing operations.

On June 30, 2003, we acquired an electrosurgery business for \$2.9 million in cash. Goodwill recognized in the transaction amounted to \$2.4 million and is expected to be fully deductible for income tax purposes.

Note 7 - Other expense

Other expense (income) consists of the following:

	Three months ended	Nine months ended
--	--------------------	-------------------

	September 30,		September 30,	
	2002	2003	2002	2003
Gain on settlement of a contractual dispute, net of legal costs	\$ --	\$ --	\$ --	\$ (9,000)
Pension settlement costs	--	758	--	2,839
Acquisition-related costs	--	395	--	2,966
Loss on early extinguishments of debt	1,475	--	1,475	8,078
Other expense	\$1,475	\$1,153	\$1,475	\$ 4,883

On March 10, 2003, we entered into an agreement with Bristol-Myers Squibb Company ("BMS") and Zimmer, Inc., ("Zimmer") to settle a contractual dispute related to the 1997 sale by BMS and its then subsidiary, Zimmer, of Linvatec Corporation to CONMED Corporation. As a result of the agreement, BMS paid us \$9.5 million in cash, which was recorded in the quarter ended March 31, 2003, as a gain on settlement of a contractual dispute, net of \$.5 million in legal costs.

During the quarter ended June 30, 2003, we announced a plan to restructure our orthopedic sales force by increasing our domestic sales force from 180 to 230 sales representatives. The increase is part of our integration plan for the Bionx acquisition discussed in Note 6 to the consolidated condensed financial statements. As part of the orthopedic sales force restructuring, we converted 90 direct employee sales representatives into nine independent sales agent groups. As a result of this restructuring, we now have 18 exclusive orthopedic sales agent groups managing 230 orthopedic sales representatives. As a result of the termination of the 90 direct employee sales representatives, we incurred costs of \$.8 million and \$2.8 million, respectively, in the three and nine months ended September 30, 2003, related to settlement losses of pension obligations, pursuant to Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits".

During the three and nine months ended September 30, 2003, we incurred \$.4 million and \$3.7 million, respectively, in costs related primarily to the CORE acquisition and the Bionx acquisition of which \$.4 million and \$3.0 million, respectively, has been recorded in other expense as discussed in Note 6 to the consolidated condensed financial statements.

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During the six months ended June 30, 2003 we purchased all \$130.0 million of our 9% senior subordinated notes (the "Notes") and recorded expense of \$8.1 million in premium and unamortized deferred financing costs to other expense related to these purchases. We financed the purchases through amendment of our \$200.0 million senior credit agreement which expanded the existing term loan facility under the senior credit agreement by \$160.0 million to \$360.0 million (the "expanded term loan facility"). The proceeds of the expanded term loan facility were used to reduce borrowings outstanding on the revolving credit facility, to fund the purchase of the outstanding Notes and related accrued interest, and fund payment of the 4.5% call premium on the Notes. Proceeds of the expanded term loan facility were also used to fund payment of bank and legal fees associated with amending the senior credit agreement. In connection with the purchase of the Notes, we wrote off \$5.8 million in 4.5% call premium and \$2.3 million in unamortized deferred financing costs to other expense in the nine months ended September 30, 2003.

During the quarter ended September 30, 2002, we entered into our \$200 million senior credit agreement. Deferred financing fees of \$1.5 million related to the previously existing credit agreement were written off as an extraordinary charge in 2002 but have been reclassified to other expense as a result of our adoption of Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections", in 2003.

Note 8- Goodwill and other intangible assets

The changes in the net carrying amount of goodwill for the nine months ended September 30, 2003 are as follows:

Balance as of January 1, 2003	\$262,394
Goodwill acquired	29,360
Foreign currency translation	398

Balance as of September 30, 2003	\$292,152
	=====

Other intangible assets consist of the following:

	December 31, 2002		September 30, 2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer relationships	\$ 96,712	\$ (12,725)	\$ 105,712	\$ (14,752)
Patents and other intangible assets	23,674	(13,534)	30,098	(15,672)
Unamortized intangible assets:				
Trademarks and tradenames	86,144	--	86,944	--
	-----	-----	-----	-----
	\$ 206,530	\$ (26,259)	\$ 222,754	\$ (30,424)
	=====	=====	=====	=====

Other intangible assets primarily represent allocations of purchase price to identifiable intangible assets of acquired businesses. The weighted average amortization period for intangible assets which are amortized is 22 years. Customer relationships are being amortized over 38 years. Patents and other intangible assets are being amortized over a weighted average life of 9 years. The trademarks and tradenames intangible asset has been determined to have an indefinite life and therefore is not amortized.

Amortization expense related to intangible assets which are subject to amortization totaled \$1,561 and \$4,165 in the three and nine months ended September 30, 2003, respectively, and \$1,397 and \$4,171 in the three and nine months ended September 30, 2002, respectively, and is included in selling and administrative expense on the consolidated condensed statement of income.

The estimated amortization expense for the year ending December 31, 2003 and for each of the five succeeding years is as follows:

2003	\$5,744
2004	5,953
2005	5,058
2006	4,484
2007	4,184
2008	3,888

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," ("SFAS 142"), goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment testing. The identification and measurement of goodwill impairment involves the estimation of the fair value of our business. The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporate management assumptions about expected future cash flows and contemplate other valuation techniques. Future cash flows can be affected by changes in industry or market conditions or the

rate and extent to which anticipated synergies or cost savings are realized with newly acquired entities. Intangible assets with a finite life are amortized over the estimated useful life of the asset. Intangible assets which continue to be subject to amortization are also evaluated on an annual basis to determine whether events and circumstances warrant a revision to the remaining period of amortization. An intangible asset is determined to be impaired when estimate future cash flows indicate the carrying amount of the asset may not be recoverable. We intend to perform impairment testing of our goodwill and intangible assets during the fourth quarter of 2003. Although no goodwill or other intangible asset impairment has been recorded to date, there can be no assurances that future impairment will not occur.

Note 9 -- Guarantees

We provide service and warranty policies on certain of our products at the time of sale. Liability under service and warranty policies is based upon a review of historical warranty and service claim experience. Adjustments are made to accruals as claim data and historical experience warrant.

The changes in the carrying amount of service and product warranties for the nine months ended September 30, 2003 are as follows:

Balance as of January 1, 2003	\$ 3,213
Provision for warranties	3,272
Claims made	(3,005)

Balance as of September 30, 2003	\$ 3,480
	=====

Note 10 - New Accounting Pronouncements

In January 2003, FIN No. 46, "Consolidation of Variable Interest Entities" was issued. The interpretation provides guidance on consolidating variable interest entities and applies immediately to variable interests created after January 31, 2003. The guidelines of the interpretation are applicable for us in the fourth quarter 2003 financial statements for variable interest entities created before February 1, 2003. The interpretation requires variable interest entities to be consolidated if the equity investment at risk is not sufficient to permit an entity to finance its activities without support from other parties or the equity investors lack certain specified

characteristics. Adoption of this pronouncement has not had and is not expected to have any material impact on our financial condition or results of operations during 2003.

In April 2003, SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" was issued. SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 149 became applicable for us in our third quarter 2003. Adoption of this pronouncement has not had any material impact on our financial condition or results of operations during 2003.

In May 2003, SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" was issued. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability, many of which were previously classified as equity. SFAS No. 150 became applicable for us in our third quarter 2003. Adoption of this pronouncement has not had any material impact on our financial condition or results of operations during 2003.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," which updates, clarifies, and simplifies certain existing accounting pronouncements beginning at various dates in 2002 and 2003. This Statement rescinds SFAS 4 and SFAS 64, which required net gains or losses from the

extinguishment of debt to be classified as an extraordinary item in the income statement. These gains and losses will now be classified as extraordinary only if they meet the criteria for such classification as outlined in Accounting Principles Board ("APB") Opinion 30, which allows for extraordinary treatment if the item is material and both unusual and infrequent in nature. We adopted this pronouncement during 2003. As a result we have reclassified the extraordinary loss recognized in the third quarter of 2002 related to the refinancing of debt to ordinary income in this Form 10-Q.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses financial accounting and reporting for costs associated with exit or disposal activities. This Statement supersedes Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit and Activity (including Certain Costs Incurred in a Restructuring)." The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. This pronouncement has not had an impact on our financial condition or results of operations during 2003.

In November 2002, FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" was issued. The interpretation provides guidance on the guarantor's accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness of others. We have adopted the disclosure requirements of the interpretation as of December 31, 2002. The accounting guidelines are applicable to guarantees issued after December 31, 2002 and require that we record a liability for the fair value of such guarantees in the balance sheet. FIN 45 has not had any material accounting impact on our financial condition or results of operations.

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

Forward-Looking Statements Made in this Form 10-Q

In this Form 10-Q, we make forward-looking statements about our financial condition, results of operations and business. Forward-looking statements are statements made by us concerning events that may or may not occur in the future. These statements may be made directly in this document or may be "incorporated by reference" from other documents. You can find many of these statements by looking for words like "believes," "expects," "anticipates," "estimates" or similar expressions.

Forward-Looking Statements are not Guarantees of Future Performance

Forward-looking statements involve known and unknown risks, uncertainties and other factors, including those that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include those identified under "Risk Factors" in our Annual Report on Form 10-K for the year-ended December 31, 2002 and the following, among others:

- o general economic and business conditions;
- o cyclical customer purchasing patterns due to budgetary and other constraints;
- o changes in customer preferences;
- o competition;
- o changes in technology;
- o our ability to manufacture product consistently and in a timely manner, especially those products involving delicate or complex manufacturing processes;
- o the introduction and acceptance of new products, including our PowerPro(R) battery-powered instrument product line;

- o the success of our distribution arrangement with DePuy Orthopaedics;
- o the integration of any acquisition, including the Bionx acquisition;
- o changes in business strategy;
- o the possibility that United States or foreign regulatory and/or administrative agencies might initiate enforcement actions against us or our distributors;
- o our indebtedness;
- o quality of our management and business abilities and the judgment of our personnel;
- o the risk of litigation, especially patent litigation as well as the cost associated with patent and other litigation;
- o changes in regulatory requirements; and
- o the availability, terms and deployment of capital.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" below and "Business" in our Annual Report on Form 10-K for the year-ended December 31, 2002 for a further discussion of these factors. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect the occurrence of unanticipated events.

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Critical Accounting Estimates

Preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 to the consolidated financial statements in our Annual Report on Form 10K for the year-ended December 31, 2002 describes the significant accounting policies used in preparation of the consolidated financial statements. The most significant areas involving management judgments and estimates are described below and are considered by management to be critical to understanding the financial condition and results of operations of CONMED Corporation.

Revenue Recognition

We recognize revenue upon shipment of product and passage of title to our customers. Factors considered in our revenue recognition policy are as follows:

- o Sales to customers are evidenced by firm purchase orders. Title and the risks and rewards of ownership are transferred to the customer when product is shipped.
- o Payment by the customer is due under fixed payment terms. Even when the sale is to a distributor, payment to us is not contractually or implicitly delayed until the product is resold by the distributor.
- o We place certain of our capital equipment with customers in return for commitments to purchase disposable products over time periods generally ranging from one to three years. In these circumstances, no revenue is recognized upon capital shipment and we recognize revenue upon the disposable product shipment. The cost of the equipment is amortized over the terms of the commitment agreements.
- o Product returns are only accepted at the discretion of the Company and in keeping with our "Returned Goods Policy". Product returns have not been significant historically. We accrue for sales returns, rebates and allowances based upon analysis of historical data.
- o The terms of the Company's sales to customers do not involve any obligations for the Company to perform future services. Limited warranties are generally provided for capital equipment sales and

provisions for warranty are provided at the time of product shipment.

- o Amounts billed to customers related to shipping and handling are included in net sales. Shipping and handling costs are included in selling and administrative expense.
- o We sell to a diversified base of customers around the world and, therefore, believe there is no material concentration of credit risk.
- o We assess the risk of loss on accounts receivable and adjust the allowance for doubtful accounts based on this risk assessment. Historically, losses on accounts receivable have not been material. Management believes the allowance for doubtful accounts of \$1.6 million at September 30, 2003 is adequate to provide for any probable losses from accounts receivable.

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Business Acquisitions

We completed acquisitions in 2003 with purchase prices totaling approximately \$50.0 million and have a history of growth through acquisitions. The assets and liabilities of acquired businesses are recorded under the purchase method at their estimated fair values at the dates of acquisition. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Other intangible assets primarily represent allocations of purchase price to identifiable intangible assets of acquired businesses. We have accumulated goodwill of \$292.2 million and other intangible assets of \$192.3 million at September 30, 2003.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," ("SFAS 142"), goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment testing. The identification and measurement of goodwill impairment involves the estimation of the fair value of our business. The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporate management assumptions about expected future cash flows and contemplate other valuation techniques. Future cash flows can be affected by changes in industry or market conditions or the rate and extent to which anticipated synergies or cost savings are realized with newly acquired entities. Intangible assets with a finite life are amortized over the estimated useful life of the asset. Intangible assets which continue to be subject to amortization are also evaluated on an annual basis to determine whether events and circumstances warrant a revision to the remaining period of amortization. An intangible asset is determined to be impaired when estimated future cash flows indicate the carrying amount of the asset may not be recoverable. Although no goodwill or other intangible asset impairment has been recorded to date, there can be no assurances that future impairment will not occur.

In connection with the Bionx acquisition, significant estimates were made in the valuation of the purchased in-process research and development assets. With the assistance of a third-party valuation, \$7.9 million of the purchase price was determined to represent the estimated fair value of projects that, as of the acquisition date had not reached technological feasibility and had no alternative future use. Accordingly, this amount of purchased in-process research and development assets was written-off in accordance with FASB Interpretation No. 4, "Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method". The purchased in-process research and development value relates to next generation sports medicine and orthopedic products, which have been or are expected to be released between the second quarter of 2003 and fourth quarter of 2004. The acquired projects include enhancements and upgrades to existing device technology, introduction of new device functionality and the development of new materials technology for sports medicine and orthopedic applications.

The value of the in-process research and development was calculated using a discounted cash flow analysis of the anticipated net cash flow stream associated with the in-process technology of the related product sales. The estimated net cash flows were discounted using a discount rate of 22%, which was based on the weighted-average cost of capital for publicly-traded companies within the

medical device industry and adjusted for the stage of completion of each of the in-process research and development projects. The risk and return considerations surrounding the stage of completion were based on costs, man-hours and complexity of the work completed versus to be completed and other risks associated with achieving technological feasibility. In total, these projects were approximately 40% complete as of the acquisition date. The total budgeted costs for the projects were approximately \$5.5 million and the remaining costs to complete these projects were approximately \$3.3 million as of the acquisition date.

The major risks and uncertainties associated with the timely and successful completion of these projects consist of the ability to confirm the safety and efficacy of the technologies and products based on the data from clinical trials and obtaining the necessary regulatory approvals. In addition, no assurance can be given that the underlying assumptions used to forecast the cash flows or the timely and successful

completion of such projects will materialize, as estimated. For these reasons, among others, actual results may vary significantly from the estimated results.

Pension Plans

We sponsor defined benefit pension plans for the Company and its subsidiaries. Major assumptions used in the accounting for these plans include the discount rate, expected return on plan assets and rate of increase in employee compensation levels. Assumptions are determined based on Company data and appropriate market indicators, and are evaluated each year as of the plans' measurement date. A change in any of these assumptions would have an effect on net periodic pension costs reported in the consolidated financial statements.

Lower market interest rates and plan asset returns have resulted in declines in pension plan asset performance and funded status and higher pension expense. The discount rate used in determining pension expense in 2003 is 6.75%.

Income Taxes

The recorded future tax benefit arising from net deductible temporary differences and tax carryforwards is approximately \$11.0 million at September 30, 2003. Management believes that our earnings during the periods when the temporary differences become deductible will be sufficient to realize the related future income tax benefits.

In assessing the need for a valuation allowance, we estimate future taxable income, considering the feasibility of ongoing tax planning strategies and the realizability of tax loss carryforwards. Valuation allowances related to deferred tax assets can be impacted by changes to tax laws, changes to statutory tax rates and future taxable income levels. In the event we were to determine that we would not be able to realize all or a portion of our deferred tax assets in the future, we would reduce such amounts through a charge to income in the period that such determination was made.

Results of Operations

Three months ended September 30, 2003 compared to three months ended September 30, 2002

The following table presents, as a percentage of net sales, certain categories included in our unaudited consolidated statements of income for the periods indicated:

	Three Months Ended September 30,	
	2002	2003
	-----	-----
	(unaudited)	
Net sales	100.0%	100.0%
Cost of sales	48.0	47.6
	-----	-----
Gross profit	52.0	52.4
Selling and administrative	30.5	32.0

Research and development	3.8	3.7
Other expense	1.3	1.0
	-----	-----
Income from operations	16.4	15.7
Interest expense	5.0	3.2
	-----	-----
Income before income taxes	11.4	12.5
Provision for income taxes	4.1	4.5
	-----	-----
Net income	7.3%	8.0%
	=====	=====

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Sales for the quarter ended September 30, 2003 were \$120.7 million, an increase of 6.5% compared to sales of \$113.3 million in the same quarter a year ago. Favorable changes in foreign currency exchange rates accounted for 1.8% of our sales growth.

- o Sales in our orthopedic businesses increased 3.5% to \$71.5 million from \$69.1 million in the same quarter last year.
- o Arthroscopy sales, which represented 59.0% of total third quarter 2003 orthopedic revenues, grew 9.3% to \$42.2 million from \$38.6 million in the same quarter last year, as a result of the Bionx acquisition (Note 6 to the consolidated condensed financial statements).
- o Powered surgical instrument sales, which represented 41.0% of total third quarter orthopedic revenues, decreased 3.9% to \$29.3 million from \$30.5 million in the same quarter last year. Sales in the same quarter a year ago included a \$3.0 million initial stocking order to DePuy Orthopaedics in conjunction with a co-marketing agreement for the PowerPro(R) battery powered instrument product line.
- o Patient care sales for the three months ended September 30, 2003 were \$17.1 million, a decrease of 5.5% when compared to \$18.1 million in the same quarter last year on lower sales of ECG products to distributors.
- o Electrosurgery sales for the three months ended September 30, 2003 were \$20.6 million, an increase of 21.2% when compared to \$17.0 million in the same quarter last year, as we gained sales as a result of our newly-introduced System 5000(R) electrosurgical generator.
- o Sales of endoscopy products increased 20.9% to \$11.0 million in the three months ended September 30, 2003 from \$9.1 million in the same quarter last year, as a result of the CORE acquisition (See Note 6 to the consolidated condensed financial statements).
- o Sales of integrated operating room systems were \$.5 million in the third quarter of 2003. This business is the result of our fourth quarter 2002 acquisitions of ValMed Corporation and Nortrex Medical Corporation.

Cost of sales increased to \$57.5 million in the third quarter 2003 as compared to \$54.4 million in the same quarter last year, primarily as a result of the increased sales volumes described above while gross margin percentage improved to 52.4% in the third quarter of 2003, as compared to 52.0% in the third quarter of 2002.

Selling and administrative expense increased to \$38.6 million in the third quarter of 2003 as compared to \$34.6 million in the third quarter of 2002. As a percentage of sales, selling and administrative expense totaled 32.0% in the third quarter of 2003, compared to 30.5% in the third quarter of 2002. During the second quarter we announced a plan to restructure our orthopedic sales force by increasing our domestic sales force from 180 to 230 sales representatives. The increase is part of our integration plan for the Bionx acquisition. As part of the orthopedic sales force restructuring, we converted 90 direct employee sales representatives into nine independent sales agent groups. As a result of this restructuring, we will have 18 exclusive orthopedic sales agent groups managing 230 orthopedic sales representatives. The increase in selling and

administrative expense as a percentage of sales is a result of higher costs associated with this sales force expansion which is intended to result in improved sales growth in our orthopedic product lines.

Research and development expense increased to \$4.5 million in the third quarter of 2003 as compared to \$4.3 million in the third quarter of 2002. As a percentage of sales, research and development expense was 3.7% in the current quarter, consistent with the 3.8% experienced in the same quarter a year ago.

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As discussed in Note 7 to the consolidated condensed financial statements, other expense in the third quarter 2003 is comprised of pension settlement costs of \$.8 million and acquisition-related costs of \$.4 million. In the third quarter 2002, we entered into our present senior credit agreement. As a result, \$1.5 million in unamortized deferred financing fees related to the previously existing credit agreement were written-off and are included in other expense.

Interest expense in the third quarter of 2003 was \$3.8 million compared to \$5.8 million in the third quarter of 2002. The decrease in interest expense is primarily a result of lower weighted average interest rates on our borrowings, which have declined to 4.15% at September 30, 2003 as compared to 6.53% at September 30, 2002, offsetting an increase in borrowings at September 30, 2003 compared to September 30, 2002 of approximately \$27.2 million, related to the Bionx acquisition. The decrease in weighted average interest rates on our borrowings is primarily due to our redemption in the second quarter 2003 of our \$130 million in 9% senior subordinated notes through borrowings under our senior credit agreement at LIBOR plus 2.75% or 3.89% at September 30, 2003 as discussed in Note 7 to the consolidated condensed financial statements.

Provision for income taxes has been recorded at an effective rate of 36% for the third quarter 2003 and 2002. A reconciliation of the United States statutory income tax rate to our effective tax rate is included in Note 7 to the Company's financial statements for the year ended December 31, 2002 included in our Annual Report to the Securities and Exchange Commission on Form 10-K.

Results of Operations

Nine months ended September 30, 2003 compared to nine months ended September 30, 2002

The following table presents, as a percentage of net sales, certain categories included in our unaudited consolidated statements of income for the periods indicated:

	Nine Months Ended September 30, 2002 2003	
	-----	-----
	(unaudited)	
Net sales	100.0%	100.0%
Cost of sales	47.4	47.7
	-----	-----
Gross profit	52.6	52.3
Selling and administrative	30.8	31.7
Research and development	3.6	3.5
In-process R & D write-off	--	2.2
Other expense .....	.4	1.3
	-----	-----
Income from operations	17.8	13.6
Interest expense	5.5	4.2
	-----	-----
Income before income taxes	12.3	9.4
Provision for income taxes	4.5	4.1
	-----	-----
Net income	7.8%	5.3%
	=====	=====

Sales for the nine months ended September 30, 2003 were \$363.3 million, an increase of 7.5% compared to sales of \$337.8 million in the same period a year ago. Favorable changes in foreign currency exchange rates accounted for 2.2% of our sales growth.

- o Sales in our orthopedic businesses increased 5.5% to \$218.3 million from \$207.0 million in the same period last year.
- o Arthroscopy sales, which represented 59.0% of first nine months of 2003 orthopedic revenues, grew 5.9% to \$128.3 million from \$121.1 million in the same period last

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year, as a result of the Bionx acquisition (Note 6 to the consolidated condensed financial statements).

- o Powered surgical instrument sales, which represented 41.0% of first nine months of 2003 orthopedic revenues, increased 4.8% to \$90.0 million from \$85.9 million in the same period last year on higher sales of our newly-introduced PowerPro(R) battery powered instrument product line.
- o Patient care sales for the nine months ended September 30, 2003 were \$52.1 million, compared to \$52.5 million in the same period last year as decreases in sales of our ECG and suction instrument product lines offset increases in sales of automatic defibrillator pads and other patient care products.
- o Electrosurgery sales for the nine months ended September 30, 2003 were \$56.3 million, compared to \$50.8 million in the same period last year as we gained sales as a result of our newly-introduced System 5000(R) electrosurgical generator compared with the same period last year.
- o Sales of endoscopy products increased 22.2% to \$33.6 million in the nine months ended September 30, 2003 from \$27.5 million in the same period last year, as a result of the CORE acquisition (Note 6 to the consolidated condensed financial statements).
- o Sales of integrated operating room systems were \$2.9 million in the nine months ended September 30, 2003. This business is the result of our fourth quarter 2002 acquisitions of ValMed Corporation and Nortrex Medical Corporation.

Cost of sales increased to \$173.3 million in the first nine months of 2003 as compared to \$160.2 million in the same period a year ago, primarily as a result of the increased sales volumes described above while gross margin percentage was 52.3% in the nine months of 2003, compared with the 52.6% experienced in the nine months of 2002. Included in cost of sales during the nine months ended September 30, 2003 were approximately \$.7 million in acquisition-related costs.

Selling and administrative expense increased to \$115.1 million in the first nine months of 2003 as compared to \$104.2 million in the same period a year ago. As a percentage of sales, selling and administrative expense totaled 31.7% in the first nine months of 2003 compared to 30.8% in the first nine months of 2002. The increase in selling and administrative expense as a percentage of sales is due to increased marketing costs associated with recently launched product lines including the integrated operating room systems product lines, PowerPro(R), and new electrosurgical generators, as well as higher costs associated with the orthopedic sales force expansion discussed above which is expected to result in improved sales growth in our orthopedic product lines.

Research and development expense amounted to \$12.6 million in the first nine months of 2003 as compared to \$12.2 million in the first nine months of 2002. As a percentage of sales, research and development expense was 3.5% in the first nine months of 2003, consistent with the 3.6% in the same period a year ago.

As discussed in Note 6 to the consolidated condensed financial statements, we wrote off purchased in-process research and development assets in connection with the Bionx acquisition of \$7.9 million in the first quarter of 2003.

As discussed in Note 7 to the consolidated condensed financial statements, other expense is comprised of a net gain on settlement of a contractual dispute of \$9.0 million, pension settlement costs of \$2.8 million, acquisition related costs of \$3.0 million and the loss of \$8.1 million on the early extinguishment of subordinated debt. In the third quarter 2002, we entered into our present

senior credit agreement. As a result, \$1.5 million in unamortized deferred financing fees related to the previously existing credit

agreement were written-off and are included in other expense in the nine months ended September 30, 2002.

Interest expense in the first nine months of 2003 was \$15.2 million compared to \$18.7 million in the first nine months of 2002. The decrease in interest expense is primarily a result of lower weighted average interest rates on our borrowings, which have declined to 4.19% at September 30, 2003 as compared to 6.53% at September 30, 2002, offsetting an increase in borrowings at September 30, 2003 compared to September 30, 2002 of approximately \$27.2 million, related to the Bionx acquisition. The decrease in weighted average interest rates on our borrowings is primarily due to our redemption in the second quarter 2003 of our \$130 million in 9% senior subordinated notes through borrowings under our senior credit agreement at LIBOR plus 2.75% or 3.89% at September 30, 2003 as discussed in Note 7 to the consolidated condensed financial statements.

Provision for income taxes has been recorded at an effective rate of 44% for the first nine months of 2003 and 36% for the nine months of 2002. The effective rate of 44% for the nine months of 2003 is substantially higher than the 36% which we have experienced historically as a result of the non-deductibility for income tax purposes of the \$7.9 million in-process research and development write-off recorded in the third quarter 2003 in conjunction with the Bionx acquisition. A reconciliation of the United States statutory income tax rate of 35% to our historical effective tax rate of 36% (excluding the effect of the in-process research and development write-off) is included in Note 7 to the Company's financial statements for the year ended December 31, 2002 included in our Annual Report to the Securities and Exchange Commission on Form 10-K.

Liquidity and Capital Resources

Cash generated from our operations, including sales of accounts receivable and borrowings under our revolving credit facility, provide the working capital for our operations, debt service under our senior credit agreement and the funding of our capital expenditures. In addition, we have used term borrowings, including:

- o borrowings under our senior credit agreement;
- o Senior Subordinated Notes issued to refinance borrowings under our senior credit agreement, in the case of the acquisition of Linvatec Corporation in 1997;
- o borrowings under separate loan facilities, in the case of real property acquisitions, to finance our acquisitions.

Our senior credit agreement consists of a \$260 million term loan and a \$100 million revolving credit facility of which \$258.9 million was outstanding on the term loan facility at September 30, 2003. There were no borrowings outstanding at September 30, 2003 on the revolving credit facility. The \$260 million term loan facility extends for approximately 6 years, with scheduled principal payments of \$2.6 million annually through December 2007 increasing to \$70.8 million in 2008 and the remaining balance outstanding due in December 2009. We may be required, under certain circumstances, to make additional principal payments based on excess cash flow as defined in the senior credit agreement. Borrowings, if any, on the revolving credit facility are due and payable on August 28, 2007, the revolving credit facility termination date. Interest rates on the new term facility are LIBOR plus 2.75% or 3.89% at September 30, 2003. Interest rates on the revolving credit facility are LIBOR plus 2.50%.

Our senior credit agreement is collateralized by substantially all of our personal property and assets, except for our accounts receivable and related rights which have been sold in connection with our accounts receivable sales agreement. The senior credit agreement contains covenants and restrictions which, among other things, require maintenance of certain working capital levels and financial ratios, prohibit dividend payments and restrict the incurrence of certain indebtedness and other activities, including acquisitions and dispositions. The senior credit agreement contains a material adverse effect clause that could limit our ability to access additional funding

under our senior credit agreement should a material adverse change in our business occur. We are also required, under certain circumstances, to make mandatory prepayments from net cash proceeds from any issue of equity and asset sales.

We used term loans to purchase the property in Largo, Florida utilized by our Linvatec subsidiary. The term loans consist of a Class A note bearing interest at 7.50%, a Class C note bearing interest at 8.25% and a seller-financed note bearing interest at 6.50%. The principal balances outstanding on the Class A note, Class C note and seller-financed note aggregate \$10.2 million, \$7.4 million and \$3.8 million, respectively, at September 30, 2003. These loans are secured by our Largo, Florida property.

We have an accounts receivable sales agreement pursuant to which we and certain of our subsidiaries sell on an ongoing basis certain accounts receivable to CONMED Receivables Corporation, a wholly-owned special-purpose subsidiary of CONMED Corporation. CRC may in turn sell up to an aggregate \$50.0 million undivided percentage ownership interest in such receivables to a commercial paper conduit (the "conduit purchaser"). As of December 31, 2002 and September 30, 2003, the undivided percentage ownership interest in receivables sold by CRC to the conduit purchaser aggregated \$37.0 million and \$39.0 million, respectively, which has been accounted for as a sale and reflected in the balance sheet as a reduction in accounts receivable. We entered into an amended and restated accounts receivable sales agreement as of October 23, 2003, under substantially the same terms and conditions as the previous agreement except that the conduit purchaser has been replaced by a bank.

Our net working capital position was \$152.1 million at September 30, 2003. Net cash provided by operations increased to \$38.7 million in the nine months ended September 30, 2003 compared to \$28.5 million for the same period a year ago.

Net cash provided by operations in the nine months of 2003 was positively impacted by depreciation, amortization, deferred income taxes, non-cash pension settlement charges, the non-cash write-off of the remaining unamortized deferred financing fees related to the extinguishment of our 9% senior subordinated notes, the non-cash write-off of purchased in-process research and development assets, increased sales of accounts receivable and an increase in income taxes payable.

Net cash provided by operations in the nine months of 2003 was negatively impacted by the increase in working capital as a result of the Bionx acquisition (discussed in Note 6 to the consolidated condensed financial statements), increases in accounts receivable and inventory as a result of growth in our business, and decreases in accounts payable, accrued compensation and interest and changes in other assets/liabilities, primarily related to the timing of the payment of liabilities.

Capital expenditures in the nine months ended September 30, 2003 were \$6.3 million compared to \$10.6 million in the same period a year ago. The decrease in capital expenditures compared to the same period a year ago is a result of the completion of several large capital projects. Capital expenditures representing the ongoing capital investment requirements of our business are expected to continue at the rate of approximately \$9.0 to \$12.0 million annually. Net cash used by investing activities in the nine months ended September 30, 2003 also included \$52.3 million in payments related to business acquisitions, net of cash acquired, of which \$47.3 million related to the Bionx acquisition and the remainder related to the CORE acquisition and the acquisition of an electrosurgery business as discussed in Note 6 to the consolidated condensed financial statements.

Financing activities in the nine months ended September 30, 2003 consist primarily of \$160.0 million in borrowings under the senior credit agreement and the retirement of \$130.0 million in 9.0% senior subordinated notes (discussed in Note 7 to the consolidated condensed financial statements). The remaining borrowings under the expanded term loan facility were used to reduce borrowings outstanding on the revolving credit facility as a result of the Bionx acquisition (discussed in Note 6 to the consolidated condensed financial statements) and to fund payment of bank and legal fees associated with amending the senior credit agreement. Based on the interest rates in

effect at September 30, 2003, annual savings in interest costs as a result of this debt restructuring are estimated at approximately \$6.0 million.

Management believes that cash generated from operations, including accounts receivable sales, our current cash resources and funds available under our amended senior credit agreement will provide sufficient liquidity to ensure continued working capital for operations, debt service and funding of capital expenditures in the foreseeable future.

Contractual Obligations

There were no capital lease obligations or unconditional purchase obligations as of September 30, 2003. The following table summarizes our contractual obligations related to operating leases and long-term debt as of September 30, 2003:

	(Amounts in thousands)					
	2003	2004	2005	2006	2007	Thereafter
	-----	-----	-----	-----	-----	-----
Long-term debt	\$1,306	\$4,149	\$4,336	\$4,538	\$4,759	\$261,862
Operating lease obligations	446	1,589	1,310	1,238	1,259	3,173
	-----	-----	-----	-----	-----	-----
Total contractual cash obligations	\$1,752	\$5,738	\$5,646	\$5,776	\$6,018	\$265,035
	=====	=====	=====	=====	=====	=====

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposures to market risk during the three and nine months ended September 30, 2003. For a detailed discussion of market risk, see our Annual Report on Form 10K for the year-ended December 31, 2002, Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk.

Item 4. Controls and Procedures

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was carried out under the supervision and with the participation of the Company's management, including the Chairman and Chief Executive Officer and the Vice President - Finance and Chief Financial Officer ("the Certifying Officers") as of September 30, 2003. Based on that evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures are effective to bring to the attention of the Company's management the relevant information necessary to permit an assessment of the need to disclose material developments and risks pertaining to the Company's business in its periodic filings with the Securities and Exchange Commission. There was no change to the Company's internal control over financial reporting during the quarter ended September 30, 2003 that materially affected, or is reasonable likely to materially affect, the Company's internal control over financial reporting.

Item 6. Exhibits and Reports on Form 8-K

List of Exhibits

Exhibit No.	Description of Exhibit
-----	-----
10.1	Amended and Restated Receivables Purchase Agreement, dated October 23, 2003, among CONMED Receivables Corporation, CONMED Corporation and Fleet National Bank.
10.2	Amendment No. 1 dated October 23, 2003 to the Purchase and Sale Agreement dated November 1, 2001 among CONMED

Corporation, et al and CONMED Receivables Corporation.

- 31.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Reports on Form 8-K

On October 29, 2003, the Company filed a Report on Form 8-K furnishing as Exhibit 99.1 under Item 12, an October 24, 2003 press release announcing third quarter and first nine months of 2003 results.

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SIGNATURES

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

CONMED CORPORATION
(Registrant)

Date: November 10, 2003

/s/ Robert D. Shallish, Jr.

Robert D. Shallish, Jr.
Vice President - Finance
(Principal Financial Officer)

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Exhibit -----		Sequential Page Number -----
10.1	Amended and Restated Receivables Purchase Agreement, dated October 23, 2003, among CONMED Receivables Corporation, CONMED Corporation, and Fleet National Bank.	(included in EDGAR filing only)
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31.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	E-2
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	E-3

=====
AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

Dated as of October 23, 2003

Among

CONMED RECEIVABLES CORPORATION

as Seller

and

CONMED CORPORATION

as initial Servicer

and

FLEET NATIONAL BANK

as Purchaser

and

FLEET NATIONAL BANK

as Administrator
=====

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AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

THIS AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT, dated as of October 23, 2003, is among CONMED RECEIVABLES CORPORATION, a New York corporation ("Seller"), CONMED CORPORATION, a New York corporation ("Parent"), as initial Servicer, FLEET NATIONAL BANK ("FNB"), a national banking association (together with any other financial institution hereafter party hereto, each a "Purchaser" and collectively, the "Purchasers") and FLEET NATIONAL BANK, as administrator for Purchasers (in such capacity, the "Administrator"). Unless otherwise indicated, capitalized terms used in this Agreement are defined in Appendix A.

Background

1. The Originators are engaged in the business of distribution and sale of medical devices, equipment and related products.

2. Seller is a single purpose corporation formed for the purpose of purchasing, and accepting contributions of, Receivables generated by the Originators.

3. Seller has, and expects to have, Pool Receivables in which Seller, subject to the terms and conditions of this Agreement, intends to sell an undivided interest. Seller has requested Purchasers, and Purchasers shall, subject to the terms and conditions contained in this Agreement, fund the purchase of such undivided interest, referred to herein as the Asset Interest, from Seller from time to time during the term of this Agreement.

4. Seller and Purchasers also desire that, subject to the terms and conditions of this Agreement, certain of the daily Collections in respect of the Asset Interest be reinvested in Pool Receivables, which reinvestment shall constitute part of the Asset Interest.

5. Parent has been requested, and is willing, to act as initial Servicer.

7. Each of the parties hereto wish to amend and restate that certain Receivables Purchase Agreement dated as of November 1, 2001 (as amended by that certain Amendment No. 1 dated as of December 12, 2003, the "Original Receivables Purchase Agreement") to provide for (i) the assignment by EagleFunding Capital Corporation (as assignee of Blue Keel Funding, LLC) of its Capital hereunder to FNB as Purchaser, (ii) the assignment by Fleet Securities, Inc. ("Fleet Securities") of its rights and obligations thereunder as Administrator, and (iii) certain other amendments as set forth herein.

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

ARTICLE I

PURCHASES AND REINVESTMENTS

SECTION 1.01. Commitment to Purchase; Limits on Purchasers' Obligations. Upon the terms and subject to the conditions of this Agreement, from time to time prior to the

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Termination Date, Seller may request that Administrator, for the benefit of Purchasers, purchase from Seller an undivided ownership interest in the Pool Assets (each being a "Purchase") and each Purchaser shall fund its Percentage of such Purchase, and the Administrator, for the benefit of Purchasers, shall make such Purchase with the proceeds of such funding by the Purchasers; provided that no Purchase shall be funded by any Purchaser if, after giving effect thereto, either (a) the Capital after giving effect to such Purchase would exceed \$50,000,000 (the "Purchase Limit"), as such Purchase Limit may be decreased from time to time as provided in Section 1.05, or (b) the Asset Interest would exceed 100% (the "Allocation Limit"); and provided further that each Purchase made pursuant to this Section 1.01 shall have a purchase price of at least \$250,000.

SECTION 1.02. Purchase Procedures; Assignment of Purchaser's Interests.

(a) Notice of Purchase. Each Purchase from Seller shall be made on notice from Seller to the Administrator received by the Administrator not later than 11:00 a.m. (Boston, Massachusetts time) on the second Business Day next preceding the date of such proposed Purchase. Each such notice of a proposed Purchase shall be substantially in the form of Exhibit 1.02(a) (each a "Purchase Notice"), and shall specify the desired amount and date of such Purchase, which shall be a Settlement Date.

(b) Funding of Purchase. On the date of each Purchase, each Purchaser shall, upon satisfaction of the applicable conditions set forth in Article V, make available to the Administrator at the Administrator's Office the amount of its Purchase in immediately available funds, and after receipt by the Administrator of such funds, the Administrator shall transfer immediately available funds to an account designated by Seller in the related Purchase Notice.

(c) Assignment of Asset Interest. Effective as of the closing date of the Original Receivables Purchase Agreement, Seller sold, assigned and transferred

to Fleet Securities, for the benefit of Purchasers, the Asset Interest. Effective as of the Restatement Date, pursuant to Section 14.15(a) hereof, Fleet Securities is assigning and transferring the Asset Interest to FNB, as Administrator.

SECTION 1.03. Reinvestments of Certain Collections; Payment of Remaining Collections. (a) As of the close of business on each day during the period from the date hereof to the Termination Date, Servicer shall, out of all Collections received on such day:

(i) determine the portion of Collections attributable on any day to the Asset Interest by multiplying (x) the amount of all Collections received on such day times (y) the Asset Interest;

(ii) out of the portion of Collections allocated to the Asset Interest pursuant to clause (i), set aside and hold in trust for Purchasers an amount equal to the sum of the estimated amount of Earned Discount accrued in respect of the Capital (based on rate information provided by the Administrator pursuant to Section 2.04), the accrued Fees, all other amounts due to Purchasers, the Administrator, the Affected Parties or the Indemnified Parties hereunder (other than the Capital) and the Purchasers' Share of Servicer's Fee (in each case, accrued through such day) and not so previously set aside;

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(iii) apply the Collections allocated to the Asset Interest pursuant to clause (i) and not set aside pursuant to clause (ii) to the purchase from Seller of ownership interests in Pool Assets (each such purchase being a "Reinvestment"); provided that (A) if there is an Excess Amount after giving effect to other Collections previously set aside pursuant to this clause (iii) and then so held, then Servicer shall not make a Reinvestment to such extent, but shall set aside and hold for the benefit of Purchasers, a portion of such Collections which, together with other Collections previously set aside and then so held, shall equal the Excess Amount; and (B) if the conditions precedent to Reinvestment in Section 5.02 are not satisfied, then Servicer shall not reinvest any of such Collections;

(iv) pay to Seller (A) the portion of Collections not allocated to the Asset Interest pursuant to clause (i), less Seller's Share of Servicer's Fee accrued through such day, and (B) the Collections applied to Reinvestment pursuant to clause (iii); and

(v) out of the portion of Collections not allocated to the Asset Interest pursuant to clause (i), pay to Servicer Seller's Share of Servicer's Fee accrued through such day.

(b) Unreinvested Collections. Servicer shall set aside and hold in trust for the benefit of Purchasers all Collections which pursuant to clause (ii) or (iii) of Section 1.03(a) may not be reinvested in Pool Assets; provided that unless the Administrator shall request it to do so in writing, Servicer shall not be required to hold Collections that have been set aside in a separate deposit account containing only such Collections. If, prior to the date when such Collections are required to be paid to the Administrator pursuant to Section 3.01, the amount of Collections set aside pursuant to clause (iii) of Section 1.03(a) exceeds the Excess Amount, if any, and the conditions precedent to Reinvestment set forth in Section 5.02 are satisfied, then Servicer shall apply such Collections (or, if less, a portion of such Collections equal to the amount of such excess) to the making of a Reinvestment.

SECTION 1.04. Asset Interest. (a) Components of Asset Interest. On any date the Asset Interest will represent Administrator's (for the benefit of Purchasers) combined undivided percentage ownership interest in (i) all then outstanding Pool Receivables, (ii) all Related Security with respect to such Pool Receivables, (iii) all of Seller's right and claims under the Purchase Agreement, (iv) all lock-boxes and lock-box or collection accounts into which Collections of Pool Receivables are or may be deposited, and all funds and investments therein, (v) all Collections with respect to, and other proceeds of, the foregoing and (vi) all books and records (including computer disks, tapes and software) evidencing or relating to any of the foregoing, in each case, whether now owned by Seller or hereafter acquired or arising, and wherever located (all of the foregoing, collectively referred to as "Pool Assets").

(b) Computation of Asset Interest. On any date of computation, the Asset Interest will be equal to a percentage, expressed as the following fraction:

$$\frac{C}{\text{NPB} \times (1 - \text{RRP})}$$

where:

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C = the Capital on such date.

RRP = the Required Reserve Percentage on such date.

NPB = the Net Pool Balance on such date;

provided, however, that from and after the Termination Date, the Asset Interest will be 100%.

(c) Frequency of Computation. The Asset Interest shall be computed as of the Cut-Off Date for each Settlement Period. In addition, the Administrator may require Servicer to provide a Servicer Report for purposes of computing the Asset Interest as of any other date, and Servicer agrees to do so within two Business Days of its receipt of the Administrator's request in writing.

SECTION 1.05. Voluntary Termination of Purchase and Reinvestment Obligations or Reduction of Purchase Limit. Seller may, upon at least 60 days' prior written notice to the Administrator, either (a) terminate each Purchaser's commitment to make Purchases and Reinvestments hereunder, or (b) reduce the Purchase Limit to an amount not less than \$25,000,000; provided, however, that (i) each partial reduction of the Purchase Limit shall be in an amount equal to \$1,000,000 or an integral multiple thereof, and (ii) after giving effect to such reduction, the Capital will not exceed the Purchase Limit as so reduced. Any such reduction of the Purchase Limit shall reduce each Purchaser's Commitment on a pro rata basis. The Purchase Limit may be increased upon the request of Seller and the written consent of the Administrator and each Purchaser thereto, which consent may be granted or withheld in their sole discretion and may be subject to such conditions as they may require.

ARTICLE II

COMPUTATIONAL RULES

SECTION 2.01. Computation of Capital. In making any determination of Capital, the following rules shall apply:

(a) Capital shall not be considered reduced by any allocation, setting aside or distribution of any portion of Collections unless such Collections shall have been actually delivered to the Administrator pursuant hereto for application to the Capital; and

(b) Capital shall not be considered reduced by any distribution of any portion of Collections if at any time such distribution is rescinded or must otherwise be returned for any reason.

SECTION 2.02. Computation of Concentration Limit. In the case of any Obligor that is (a) a Subsidiary of any other Obligor, (b) a parent of any other Obligor, or (c) a Subsidiary of the same parent as any other Obligor, the Concentration Limit and the aggregate Unpaid Balance of Pool Receivables of such Obligors shall be calculated as if such Obligors were one Obligor.

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SECTION 2.03. Computation of Earned Discount. In making any determination of Earned Discount, the following rules shall apply:

(a) no provision of this Agreement shall require the payment or permit the collection of Earned Discount in excess of the maximum permitted by Applicable Law; and

(b) Earned Discount for any period shall not be considered paid by any distribution if at any time such distribution is rescinded or must otherwise be returned for any reason.

SECTION 2.04. Estimates of Earned Discount Rate, Fees, Etc. For purposes of determining the amounts required to be set aside by Servicer pursuant to Section 1.03, the Administrator shall notify Servicer from time to time of the Earned Discount Rate applicable to the Capital and the rates at which fees and other amounts are accruing hereunder. It is understood and agreed that (i) the Earned Discount Rate may change from time to time, (ii) certain rate information provided by the Administrator to Servicer shall be based upon the Administrator's good faith estimate, (iii) the amount of Earned Discount actually accrued with respect to the Capital during any Settlement Period may exceed, or be less than, the amount set aside with respect thereto by Servicer, and (iv) the amount of fees or other payables accrued hereunder with respect to any Settlement Period may exceed, or be less than, the amount set aside with respect thereto by Servicer. Failure to set aside any amount so accrued shall not relieve Servicer of its obligation to remit Collections to the Administrator with respect to such accrued amount, as and to the extent provided in Section 3.01.

ARTICLE III

SETTLEMENTS

SECTION 3.01. Settlement Procedures.

The parties hereto will take the following actions with respect to each Settlement Period:

(a) Servicer Report. On or before the 10th calendar day and, upon the Administrator's request, on or before the 24th calendar day (or, if either such day is not a Business Day, the next succeeding Business Day) of each month prior to the Final Payout Date (each, a "Reporting Date"), Servicer shall deliver to the Administrator a report (each, a "Servicer Report") containing the information described in (i) Exhibit 3.01(a), in the case of a Servicer Report delivered on or before the 10th calendar day of each month, and (ii) Exhibit 3.01(a)-I, in the case of a Servicer Report delivered on or before the 24th calendar day of each month.

(b) Earned Discount; Other Amounts Due. Two Business Days prior to each Reporting Date, the Administrator shall notify Servicer of (i) the amount of Earned Discount that will have accrued in respect of the Capital as of the next Settlement Date and (ii) all Fees and other amounts that will have accrued and be payable by Seller under this Agreement on the next Settlement Date (other than Capital).

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(c) Settlement Date Procedure - Reinvestment Period. On the second Business Day after the first Reporting Date occurring in each calendar month (each, a "Settlement Date") prior to the Termination Date, Servicer shall distribute from Collections set aside pursuant to Sections 1.03(a)(ii) and (iii) during the immediately preceding Settlement Period the following amounts in the following order:

(1) to the Administrator, an amount equal to the Earned Discount accrued during such Settlement Period, plus any previously accrued Earned Discount not paid on a prior Settlement Date, which amount shall be distributed by the Administrator to each Purchaser for application to the accrued Earned Discount with respect to such Purchaser's Capital;

(2) to the Administrator, an amount equal to the Program Fee and Commitment Fee accrued during such Settlement Period, plus any previously accrued Program Fee and Commitment Fee not paid on a prior Settlement Date;

(3) to Servicer, if Servicer is not Parent, an amount equal to the Purchasers' Share of Servicer's Fee accrued during such Settlement Period, plus any previously accrued Purchasers' Share of Servicer's Fee not paid on a prior Settlement Date (it being

understood that so long as Servicer is Parent, no amount shall be distributed pursuant to this clause (3));

(4) to the Administrator, an amount equal to the Excess Amount, if any, which amount shall be distributed by the Administrator to each Purchaser, based upon such Purchaser's Funded Percentage, for application to such Purchaser's outstanding Capital;

(5) to the Administrator, all other amounts (other than Capital) then due under this Agreement to the Administrator, the Purchasers, the Affected Parties or the Indemnified Parties;

(6) to Servicer, if Servicer is Parent, an amount equal to the Purchasers' Share of Servicer's Fee accrued during such Settlement Period, plus any previously accrued Purchasers' Share of Servicer's Fee not paid on a prior Settlement Day (it being understood that so long as Servicer is not the Parent, no amount shall be distributed pursuant to clause (6)); and

(7) to Seller, any remaining amounts.

(d) Settlement Date Procedure - Liquidation Period. On each Settlement Date occurring after the Termination Date, Servicer shall distribute from Purchasers' Share of Collections received, or deemed received pursuant to Section 3.02, during the immediately preceding Settlement Period the following amounts in the following order:

(1) to the Administrator, an amount equal to the Earned Discount accrued during such Settlement Period, plus any previously accrued Earned Discount not paid on a prior Settlement Date, which amount shall be distributed

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by the Administrator to each Purchaser for application to the accrued Earned Discount with respect to such Purchaser's Capital;

(2) to the Administrator, an amount equal to the Program Fee and Commitment Fee accrued during such Settlement Period, plus any previously accrued Program Fee and Commitment Fee not paid on a prior Settlement Date;

(3) to Servicer, if Servicer is not Parent, an amount equal to the Purchasers' Share of Servicer's Fee accrued during such Settlement Period, plus any previously accrued Purchasers' Share of Servicer's Fee not paid on a prior Settlement Date (it being understood that so long as Servicer is Parent, no amount shall be distributed pursuant to this clause (3));

(4) to the Administrator, an amount equal to the remaining Purchasers' Share of Collections until the Capital is reduced to zero, which amount shall be distributed by the Administrator to each Purchaser, based upon such Purchaser's Funded Percentage, for application to such Purchaser's outstanding Capital;

(5) to the Administrator, all other amounts (other than Capital) then due under this Agreement to the Administrator, the Purchasers, the Affected Parties or the Indemnified Parties;

(6) to Servicer, if Servicer is Parent, an amount equal to the Purchasers' Share of Servicer's Fee accrued during such Settlement Period, plus any previously accrued Purchasers' Share of Servicer's Fee not paid on a prior Settlement Date (it being understood that so long as Servicer is not the Parent, no amount shall be distributed pursuant to clause (6)); and

(7) to Seller, any remaining amounts.

(e) Delayed Payment. If on any day described in this Section 3.01, because Collections during the relevant Settlement Period were less than the aggregate amounts payable, Servicer does not make any payment described in clauses (1) through (6) of Section 3.01(c) or (d), as applicable, the next available Collections in respect of the Asset

Interest shall be applied to such payment, and no Reinvestment shall be permitted hereunder until such amount payable has been paid in full.

SECTION 3.02. Deemed Collections; Reduction of Capital, Etc.

(a) Deemed Collections. If

(i) a Dilution occurs or the Unpaid Balance of any Pool Receivable is less than the amount included in calculating the Net Pool Balance for purposes of any Servicer Report for any other reason, or

(ii) any of the representations or warranties of Seller set forth in Section 6.01(k) or (o) with respect to any Pool Receivable were not true when made with

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respect to any Pool Receivable, or any of the representations or warranties of Seller set forth in Section 6.01(k) are no longer true with respect to any Pool Receivable, or

(iii) without duplication, Seller receives a Deemed Collection pursuant to the Purchase Agreement,

then, on the next succeeding Settlement Date (or, if earlier, on the date an Originator pays a Deemed Collection pursuant to the Purchase Agreement), Seller shall be deemed to have received a Collection of such Pool Receivable

(I) in the case of clause (i) above, in the amount of such Dilution or the difference between the actual Unpaid Balance and the amount included in calculating such Net Pool Balance, as applicable; and

(II) in the case of clause (ii) above, in the amount of the Unpaid Balance of such Pool Receivable; and

(III) in the case of clause (iii) above, in the amount of such Deemed Collection.

(b) Seller's Optional Reduction of Capital. Seller may at any time elect to reduce the Capital as follows:

(i) Seller shall give the Administrator at least five (5) Business Days' prior written notice of such reduction (including the amount of such proposed reduction and the proposed date on which such reduction will commence),

(ii) on the proposed date of commencement of such reduction and on each day thereafter, Servicer shall refrain from reinvesting Collections pursuant to Section 1.03 until the amount thereof not so reinvested shall equal the desired amount of reduction, and

(iii) Servicer shall hold such Collections in trust for Purchasers, pending payment to the Administrator on the next Settlement Date, as provided in Section 1.03;

provided that,

(A) the amount of any such reduction shall be not less than \$1,000,000, and the Capital after giving effect to such reduction shall be not less than \$25,000,000 (unless Capital shall thereby be reduced to zero),

(B) Seller shall use reasonable efforts to attempt to choose a reduction amount, and the date of commencement thereof, so that such reduction shall commence and conclude in the same Settlement Period, and

(c) Broken Funding Costs. In the event that (i) Seller reduces the Capital of a Purchaser on a date other than a Settlement Date, including by termination of a Purchaser's commitment to make purchases and reinvestments hereunder, or (ii) Seller does not reduce the Capital of a Purchaser pursuant to Section 3.02(b) following the delivery of a written notice of

such reduction, Seller shall pay to such Purchaser an amount equal to the excess, if any, of (A) the Earned Discount that would have accrued during the remainder of the Settlement Period subsequent to the date of such reduction or termination (or in respect of clause (ii) above, the date such reduction was designated to occur pursuant to the written notice of same) of such Capital if such reduction or termination had not occurred or such notice had not been delivered, over (B) the sum of (x) to the extent all or a portion of such Capital remains outstanding, the amount of Earned Discount actually accrued during the remainder of such period on such Capital, and (y) to the extent such Capital is repaid, the income, if any, actually received during the remainder of such period by the holder of such Capital from investing the portion of such Capital so repaid. In the event that the amount referred to in clause (B) exceeds the amount referred to in clause (A), the relevant Purchaser or Purchasers agree to pay to Seller the amount of such excess. All such amounts shall be due and payable hereunder within five Business Days after written demand.

SECTION 3.03. Payments and Computations, Etc.

(a) Payments. All amounts to be paid or deposited by Seller or Servicer to the Administrator hereunder shall be paid or deposited in accordance with the terms hereof no later than 10:00 a.m. (Boston, Massachusetts time) on the day when due in lawful money of the United States of America in immediately available funds to the Administrator at ABA # 021300019, account # 1510351-15901, attention: Brenda Augunas.

(b) Late Payments. Seller or Servicer, as applicable, shall, to the extent permitted by law, pay to the Administrator, interest on all amounts not paid or deposited when such amount is due hereunder at 2% per annum above the Alternate Base Rate, payable on demand, provided, however, that such interest rate shall not at any time exceed the maximum rate permitted by Applicable Law.

(c) Method of Computation. All computations of interest, Earned Discount and any fees payable hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) elapsed.

ARTICLE IV

FEES AND YIELD PROTECTION

SECTION 4.01. Fees. Seller shall pay to the Administrator and Purchasers the fees in the amounts and at the times set forth in the fee letter, dated as of the date hereof, among the Administrator, Parent and Seller (as amended or supplemented from time to time, the "Fee Letter").

SECTION 4.02. Yield Protection.

(a) If (i) Regulation D or (ii) any Regulatory Change occurring after the date hereof

(A) shall subject an Affected Party to any tax, duty or other charge with respect to any Asset Interest owned by or funded by it, or any obligations or right to make Purchases or Reinvestments or to provide funding therefor, or shall change the basis of

taxation of payments to the Affected Party of any Capital or Earned Discount owned by, owed to or funded in whole or in part by it or any other amounts due under this Agreement in respect of the Asset Interest owned by or funded by it or its obligations or rights, if any, to make Purchases or Reinvestments or to provide funding therefor (except for franchise taxes or changes in the rate of tax on the net income of such Affected Party imposed by any jurisdiction); or

(B) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Federal Reserve Board), special deposit, compulsory loan or similar requirement against assets of any Affected Party, deposits or obligations with or for the account of any

Affected Party or with or for the account of any affiliate (or entity deemed by the Federal Reserve Board to be an affiliate) of any Affected Party, or credit extended by any Affected Party, but excluding any reserve, special deposit or similar requirement included in the determination of Earned Discount; or

(C) shall change the amount of capital maintained or required or requested or directed to be maintained by any Affected Party; or

(D) shall impose any other condition affecting any Asset Interest owned or funded in whole or in part by any Affected Party, or its obligations or rights, if any, to make Purchases or Reinvestments or to provide funding therefor; or

(E) shall change the rate for, or the manner in which the Federal Deposit Insurance Corporation (or a successor thereto) assesses, deposit insurance premiums or similar charges;

and the result of any of the foregoing is

(x) to increase the cost to or to impose a cost on an Affected Party funding or making or maintaining any Purchases or Reinvestments, or any commitment of such Affected Party with respect to any of the foregoing,

(y) to reduce the amount of any sum received or receivable by an Affected Party under this Agreement, or

(z) to reduce the rate of return on the capital of an Affected Party as a consequence of its obligations hereunder or arising in connection herewith to a level below that which such Affected Party could otherwise have achieved,

then within thirty days after demand by such Affected Party (which demand shall be accompanied by a statement setting forth the basis for, calculation of, and amount of such additional costs or reduced amount receivable; provided, however, that no Affected Party shall be required to disclose any confidential or tax planning information in any such statement), Seller shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such additional or increased cost or such reduction.

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(b) Seller shall not be required to compensate an Affected Party pursuant to this Section 4.02 for any amounts incurred more than twelve (12) months prior to the date such Affected Party notifies Seller of such Affected Party's intention to claim compensation therefor, provided that, if the circumstances giving rise to such claim have a retroactive effect, then such twelve (12) month period shall be extended to include the period of such retroactive effect.

(c) In determining any amount provided for or referred to in this Section 4.02, an Affected Party may use any reasonable averaging and attribution methods that it shall deem applicable. Any Affected Party when making a claim under this Section 4.02 shall submit to Seller a statement as to such increased cost or reduced return (including reasonable calculations and an explanation in connection therewith), which statement shall, in the absence of manifest error, be conclusive and binding upon Seller.

SECTION 4.03. Funding Losses. In the event that any Affected Party shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Affected Party to make or maintain any funding with respect to the Asset Interest) as a result of (i) any settlement with respect to any portion of Capital funded by such Affected Party being made on any day other than the scheduled last day of an applicable Settlement Period with respect thereto or (ii) any Purchase not being made in accordance with a request therefor under Section 1.02, then, upon demand by the Administrator to Seller, Seller shall pay to the Administrator for the account of such Affected Party, the amount of such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding upon Seller.

ARTICLE V

CONDITIONS TO PURCHASES

SECTION 5.01. Conditions Precedent to the Effectiveness of the Original Receivables Purchase Agreement. The Seller hereby confirms that concurrently with the effectiveness of the Original Receivables Purchase Agreement, Fleet Securities, as Administrator received on or before the date of the initial Purchase thereunder the following:

(a) Good standing certificates for each of Parent, each Originator and Seller issued by the Secretaries of State of the jurisdiction of its incorporation and its principal place of business;

(b) A certificate of the Secretary or Assistant Secretary of each of Seller, each Originator and Parent certifying (i) a copy of the resolutions of its Board of Directors approving the Transaction Documents delivered by it thereunder and the transactions contemplated thereby; (ii) the names and true signatures of the officers authorized on its behalf to sign the Transaction Documents delivered by it thereunder; (iii) a copy of its by-laws; and (iv) all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to the Transaction Documents to which such Person is a party;

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(c) The Certificate of Incorporation or Articles of Incorporation, as applicable, of each of Seller, each Originator and Parent, duly certified by the Secretary of State of the jurisdiction of its incorporation, as of a date reasonably close to such date;

(d) Acknowledgment copies, or time stamped receipt copies, of proper financing statements (Form UCC-1), filed on or prior to the date of the initial Purchase, naming (i) each Originator as a debtor and seller of Receivables, Seller as the secured party and purchaser and Fleet Securities, as Administrator, for the benefit of Purchasers, as the assignee and (ii) Seller as the debtor and seller of Receivables or an undivided interest therein and Fleet Securities, as Administrator, for the benefit of Purchasers, as the secured party and purchaser, or other, similar instruments or documents, as may have been necessary or, in the opinion of Fleet Securities, as Administrator, desirable under the UCC or any comparable law of all appropriate jurisdictions to perfect Seller's and Purchasers' interests in the Pool Assets;

(e) A search report provided in writing to and approved by Fleet Securities, as Administrator, listing all effective financing statements that name any Originator as debtor or assignor and that are filed in the jurisdictions in which filings were made pursuant to subsection (d) above and in such other jurisdictions that Fleet Securities, as Administrator, shall have reasonably requested, together with copies of such financing statements (none of which covered any Pool Assets, unless executed termination statements and/or partial releases with respect thereto have been delivered to Fleet Securities, as Administrator), and tax and judgment lien search reports from a Person satisfactory to Servicer and Fleet Securities, as Administrator, showing no evidence of such liens filed against any Originator;

(f) Duly executed copies of the Lock-Box Agreements with the Lock-Box Banks (other than a Lock-Box Agreement with Royal Bank of Canada);

(g) Reasonably satisfactory opinions of (i) Sullivan & Cromwell LLP, counsel to Parent, the Originator and Seller, and (ii) special Florida and Canadian counsel to Parent and the Originator;

(h) Such powers of attorney as Fleet Securities, as Administrator, shall have reasonably requested to enable Fleet Securities, as Administrator, to collect all amounts due under any and all Pool Assets;

(i) A pro forma Servicer Report, prepared in respect of the proposed initial Purchase, assuming a Cut-Off Date of September 30, 2001;

(j) Satisfactory results of a review and audit, conducted by Fleet Securities, of Parent's collection, operating and reporting systems, Credit and Collection Policy, historical receivables data and accounts, including satisfactory results of a review of the Parent's operating location(s) and satisfactory review and approval of the Eligible Receivables in existence on the date of the initial Purchase;

(k) Evidence of payment of Seller by all accrued and unpaid fees (including those contemplated by the Fee Letter), costs and expenses to the extent then due and payable on the date thereof, together with attorneys' fees of Fleet Securities, as Administrator, to the extent

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invoiced at least two Business Days prior to such date, including any such costs, fees and expenses arising under or referenced in Section 14.05;

(l) The liquidity agreement in respect thereof, duly executed by the parties thereto; and

(m) The Purchase Agreement, duly executed by each Originator and Seller, and a copy of all documents required to have been delivered thereunder.

SECTION 5.02. Conditions Precedent to Restatement. The amendment and restatement of this Agreement is subject to the condition precedent that each Transaction Document shall be in full force and effect and the further condition that the Administrator shall have received, on or before the Restatement Date, the following, each (unless otherwise indicated) dated such date and in form and substance reasonably satisfactory to the Administrator:

(a) Good standing certificates for each of Parent and Seller issued by the Secretaries of State of the jurisdiction of its incorporation and its principal place of business, as at a recent date;

(b) A certificate of the Secretary or Assistant Secretary of each of Seller and Parent certifying (i) a copy of the resolutions of its Board of Directors approving the Transaction Documents to be delivered by it hereunder and the transactions contemplated hereby; (ii) the names and true signatures of the officers authorized on its behalf to sign the Transaction Documents to be delivered by it hereunder (on which certificate the Administrator and each Purchaser may conclusively rely until such time as the Administrator shall receive from Seller, such Originator or Parent, as the case may be, a revised certificate meeting the requirements of this subsection (b)); (iii) a copy of its by-laws; and (iv) all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to the Transaction Documents to which such Person is a party;

(c) The Certificate of Incorporation or Articles of Incorporation, as applicable, of each of Seller and Parent, duly certified by the Secretary of State of the jurisdiction of its incorporation, as of a recent date;

(d) Acknowledgment copies, or time stamped receipt copies, of proper financing statements (Form UCC-3), filed on or prior to the Restatement Date, naming the Administrator as secured party;

(e) A search report provided in writing to and approved by the Administrator listing all effective financing statements that name any Originator as debtor or assignor and that are filed in the jurisdictions in which filings were made pursuant to subsection (d) above and in such other jurisdictions that Administrator shall reasonably request, together with copies of such financing statements (none of which shall cover any Pool Assets, unless executed termination statements and/or partial releases with respect thereto have been delivered to the Administrator), and tax and judgment lien search reports from

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a Person satisfactory to Servicer and the Administrator showing no evidence of such liens filed against any Originator;

(f) Assignments of the Lock-Box Agreements with the Lock-Box Banks;

(g) Such powers of attorney as the Administrator shall reasonably request to enable the Administrator to collect all amounts due under any and all Pool Assets; and

(h) A pro forma Servicer Report, dated as of the Restatement Date, assuming a Cut-Off Date of September 30, 2003.

SECTION 5.03. Conditions Precedent to All Purchases and Reinvestments. Each Purchase (including the initial Purchase) and each Reinvestment hereunder, shall be subject to the further conditions precedent that:

(a) in the case of each Purchase, Servicer shall have delivered to the Administrator on or prior to such Purchase, in form and substance reasonably satisfactory to the Administrator, a completed Servicer Report with respect to the immediately preceding calendar month, dated within two (2) Business Days prior to the date of such Purchase, together with such additional information as may be reasonably requested by the Administrator; and

(b) on the date of such Purchase or Reinvestment the following statements shall be true (and Seller by accepting the amount of such Purchase or by receiving the proceeds of such Reinvestment shall be deemed to have certified that):

(i) the representations and warranties contained in Article VI are correct on and as of such day in all material respects as though made on and as of such day and shall be deemed to have been made on such day (except that any such representation or warranty that is expressly stated as being made only as of a specified earlier date shall be true and correct in all material respects as of such earlier date),

(ii) no event has occurred and is continuing, or would result from such Purchase or Reinvestment, that constitutes a Liquidation Event or Unmatured Liquidation Event,

(iii) after giving effect to each proposed Purchase or Reinvestment, Capital will not exceed the Purchase Limit and the Asset Interest will not exceed the Allocation Limit, and

(iv) the Termination Date shall not have occurred;

provided, however, the absence of the occurrence and continuance of an Unmatured Liquidation Event shall not be a condition precedent to any Reinvestment.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

SECTION 6.01. Representations and Warranties of Seller. Seller represents and warrants as follows:

(a) Organization and Good Standing. Seller has been duly organized and is validly existing as a corporation in good standing under the laws of the State of New York, with power and authority to own its properties as such properties are presently owned and to conduct its business as such business is presently conducted, and had at all relevant times, and now has, all necessary power, authority, and legal right to acquire and own the Pool Assets.

(b) Due Qualification. Seller is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals, in all other jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualification, licenses or approvals, except where the failure to so qualify or have such licenses or approvals has not had, and could not reasonably be expected to have, a Material Adverse Effect.

(c) Power and Authority; Due Authorization. Seller (i) has all necessary corporate power, authority and legal right to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) carry out the terms of the Transaction Documents to which it is a party, and (C) sell and assign the Asset Interest on the terms and conditions herein provided and (ii) has duly authorized by all necessary

corporate action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party and the sale and assignment of the Asset Interest on the terms and conditions herein provided.

(d) Valid Transfer; Binding Obligations. This Agreement and the agreements of Fleet Securities and Fleet National Bank in Section 14.15(a) hereof constitute a valid transfer and assignment of the Asset Interest to the Administrator, for the benefit of Purchasers, assuming the effectiveness of the agreements of Fleet Securities and Fleet National Bank in Section 14.15(a); and this Agreement constitutes, and each other Transaction Document to be signed by Seller when duly executed and delivered will constitute, a legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which Seller is a party and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, Seller's certificate of incorporation or by-laws, (ii) conflict

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with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under any Contractual Obligation of Seller that could reasonably be expected to have a Material Adverse Effect, (iii) result in the creation or imposition of any Lien upon any of Seller's properties pursuant to the terms of any such Contractual Obligation, other than any Lien created pursuant to this Agreement or any other Transaction Document, or (iv) violate any Applicable Law, the violation of which could reasonably be expected to have Material Adverse Effect.

(f) No Proceedings. There is no litigation, proceeding or investigation pending, or to the best of Seller's knowledge, threatened, before any Governmental Authority or arbitrator (i) asserting the invalidity of this Agreement or any other Transaction Document to which Seller is a party, (ii) seeking to prevent the sale and assignment of the Asset Interest or the consummation of any of the other transactions contemplated by this Agreement or any other Transaction Document, or (iii) seeking any determination or ruling that could reasonably be expected to have a Material Adverse Effect.

(g) Bulk Sales Act. No transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(h) Government Approvals. No Governmental Action is required for the due execution, delivery and performance by Seller of this Agreement or any other Transaction Document to which Seller is a party, except for the filing of the UCC financing statements referred to in Article V, all of which, at the time required in Article V, shall have been duly made and shall be in full force and effect.

(i) Financial Condition. Since the date of Seller's formation, there has been no material adverse change in Seller's results of operations, financial condition or assets, provided, that the parties hereto hereby acknowledge that the Seller's performance of its obligations and exercise of its rights under this Agreement and the other Transaction Documents shall not give rise to a material adverse change in Seller's results of operations, financial condition or assets.

(j) Margin Regulations. The use of all funds obtained by Seller under this Agreement will not conflict with or contravene any of Regulations T, U and X promulgated by the Board of Governors of the Federal Reserve System from time to time.

(k) Quality of Title. Each Pool Asset is legally and beneficially owned by Seller free and clear of any Lien (other than any Lien created

hereby or arising solely as the result of any action taken by a Purchaser or the Administrator); when the Administrator, for the benefit of Purchasers, makes a Purchase or Reinvestment, it shall acquire a valid and enforceable perfected first priority undivided percentage interest to the extent of the Asset Interest in each Pool Asset, free and clear of any Lien (other than any Lien created hereby or arising solely as the result of any action taken by a Purchaser or the Administrator), enforceable against any creditor of, or purchaser from, Seller or any Originator; and no financing statement or other instrument similar in effect covering

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any Pool Asset is on file in any recording office except such as may be filed (i) in favor of an Originator in accordance with the Contracts, (ii) in favor of Seller in accordance with the Purchase Agreement, or (iii) in favor of a Purchaser or the Administrator in accordance with this Agreement or in connection with any Lien arising solely as the result of any action taken by a Purchaser or the Administrator.

(l) Accurate Reports. No information included in any Servicer Report or Weekly Report to the extent supplied by Seller, or other information, exhibit, financial statement, document, book, record or report furnished by or on behalf of Seller to the Administrator or any Purchaser in connection with this Agreement was inaccurate in any material respect as of the date it was dated or (except as otherwise disclosed in writing to the Administrator at such time) as of the date so furnished, or contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(m) Offices. The principal place of business and chief executive office of Seller are located at the address of Seller referred to in Section 14.02, and the offices where Seller keeps all its books, records and documents evidencing or relating to Pool Receivables are located at the addresses specified in Schedule 6.01(m) (or at such other locations, notified to the Administrator in accordance with Section 7.01(f), in jurisdictions where all action required by Section 8.05 has been taken and completed).

(n) Lock-Box Accounts. The names and addresses of all the Lock-Box Banks, together with the account numbers of the lock-box accounts of Seller at such Lock-Box Banks, are specified in Schedule 6.01(n) (or have been notified to the Administrator in accordance with Section 7.03(d)).

(o) Eligible Receivables. Each Receivable included in the Net Pool Balance as an Eligible Receivable on the date of any Purchase, Reinvestment or other calculation of Net Pool Balance was an Eligible Receivable on such date.

(p) Accounting Sale. Seller has accounted for each sale of undivided percentage ownership interests in Receivables in its books and financial statements as sales, consistent with GAAP.

(q) Credit and Collection Policy. Seller has complied in all material respects with the Credit and Collection Policy with regard to each Receivable.

(r) Corporate Name. Seller's complete corporate name is set forth in the preamble to this Agreement, and Seller does not use and has not during the last six years used any other corporate name, trade name, doing business name or fictitious name.

SECTION 6.02. Representations and Warranties of Parent. Parent represents and warrants as follows:

(a) Organization and Good Standing. Parent has been duly organized and is validly existing as a corporation in good standing under the laws of the State of New

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York, with power and authority to own its properties as such properties are presently owned and to conduct its business as such business is presently conducted.

(b) Due Qualification. Parent is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualification, licenses or approvals, except where the failure to so qualify or have such licenses or approvals has not had, and could not reasonably be expected to have, a Material Adverse Effect.

(c) Power and Authority; Due Authorization. Parent (i) has all necessary corporate power, authority and legal right to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party and (B) carry out the terms of the Transaction Documents to which it is a party and (ii) has duly authorized by all necessary corporate action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party.

(d) Binding Obligations. This Agreement constitutes, and each other Transaction Document to be signed by Parent when duly executed and delivered will constitute, a legal, valid and binding obligation of Parent enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which Parent is a party and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under the Parent's articles of incorporation or by-laws, (ii) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under any Contractual Obligation of Parent that could reasonably be expected to have a Material Adverse Effect, (iii) result in the creation or imposition of any Lien upon any of Parent's properties pursuant to the terms of any such Contractual Obligation (other than any Lien created pursuant to the Transaction Documents), or (iv) violate any Applicable Law, the violation of which could reasonably be expected to have a Material Adverse Effect.

(f) No Proceedings. Except as set forth on Schedule 6.02(f), there is no litigation, proceeding or investigation pending or, to the best of Parent's knowledge, threatened, before any Governmental Authority or arbitrator (i) asserting the invalidity of this Agreement or any other Transaction Document to which Parent is a party, (ii) seeking to prevent the sale and assignment of the Asset Interest or the consummation of any of the other transactions contemplated by this Agreement or any other Transaction Document, or (iii) seeking any determination or ruling that could reasonably be expected to have a Material Adverse Effect.

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(g) Government Approvals. No Governmental Action is required for the due execution, delivery and performance by Parent of this Agreement or any other Transaction Document to which it is a party, other than the filing of the UCC financing statements referred to in Article V, all of which, at the time required in Article V, shall have been duly made and shall be in full force and effect.

(h) Financial Condition. The audited consolidated balance sheets of Parent as at December 31, 2000, December 31, 2001 and December 31, 2002, and the related consolidated statements of income and cash flows for the fiscal years ended on such dates reported on by and accompanied by an unqualified report from PricewaterhouseCoopers LLP, present fairly the consolidated financial position of Parent as at such dates and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance sheet of Parent as at March 31, 2003 and June 30, 2003, and the related

unaudited consolidated statements of income and cash flows for the three-month and six-month, respectively, periods ended on such dates, present fairly the consolidated financial position of Parent as at such dates, and the consolidated results of its operations and its consolidated cash flows for the three-month and six-month, respectively, periods then ended (subject to normal year-end audit adjustments). All such financial statements, including the related schedules and any notes thereto (except in the case of any notes to the financial statements dated as of March 31, 2003 or June 30, 2003), have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). Since December 31, 2002, there has been no material adverse change in any such business, results of operations, assets or financial position.

(i) Accurate Reports. No information included in any Servicer Report or Weekly Report to the extent supplied by Parent, or other information, exhibit, financial statement, document, book, record or report furnished by or on behalf of Parent to the Administrator or any Purchaser, in connection with this Agreement was inaccurate in any material respect as of the date it was dated or (except as otherwise disclosed in writing to the Administrator at such time) as of the date so furnished, or contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

ARTICLE VII

GENERAL COVENANTS

SECTION 7.01. Affirmative Covenants. From the date hereof until the Final Payout Date:

(a) Compliance with Laws, Etc. Each of Seller and Parent will comply in all material respects with all Applicable Laws, including those with respect to the Pool Receivables and the related Contracts, except where noncompliance could not reasonably be expected to have a Material Adverse Effect.

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(b) Preservation of Corporate Existence. Each of Seller and Parent will preserve and maintain its corporate existence in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence and qualification could reasonably be expected to have a Material Adverse Effect.

(c) Audits. (i) Each of Parent and Seller will from time to time during regular business hours and, unless a Liquidation Event has occurred and is continuing, on reasonable prior written notice, permit the Administrator or any of its agents or representatives, (A) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in its possession or under its control relating to Pool Assets, (B) to visit its offices and properties for the purpose of examining such materials described in clause (i)(A) above, and to discuss matters relating to Pool Assets or its performance hereunder with any of its officers or employees having knowledge of such matters, and (C) to verify the existence and amount of the Receivables; and (ii) without limiting the provisions of clause (i) above, from time to time on the written request of Administrator during regular business hours, permit certified public accountants or other auditors acceptable to the Administrator and, unless a Liquidation Event has occurred and is continuing, reasonably acceptable to Parent to conduct, at Seller's or Parent's, as the case may be, expense, a review of its books and records with respect to the Pool Receivables; provided, however that unless a Liquidation Event has occurred and is continuing, Seller and Parent shall not be obligated to pay for more than one such review in each calendar year. Any such certified public accountants or other auditors shall be obligated to enter into a customary confidentiality agreement with Parent.

(d) Keeping of Records and Books of Account. Each of Seller and Parent will maintain and implement administrative and operating procedures

(including, without limitation, an ability to recreate records evidencing Pool Receivables in the event of the destruction of the originals thereof) and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Pool Assets (including, without limitation, records adequate to permit the daily identification of each new Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(e) Performance and Compliance with Receivables and Contracts. Seller will timely and fully perform and comply (or cause an Originator to perform and comply pursuant to the Purchase Agreement) with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables and all other agreements related to such Pool Receivables, except where failure to do so would not materially adversely affect the validity, enforceability or collectibility of the related Pool Receivable.

(f) Location of Records. Each of Seller and Parent will keep its principal place of business and chief executive office, and the offices where it keeps its records concerning the Pool Receivables and all related Contracts and all other agreements related to such Pool Receivables (and all original documents relating thereto), at its

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address(es) referred to in Section 14.02 or, upon 30 days' prior written notice to the Administrator, at such other locations in jurisdictions where all action required by Section 8.05 shall have been taken and completed.

(g) Credit and Collection Policies. Each of Seller and Parent, at its own expense, will timely and fully perform and comply in all material respects with the Credit and Collection Policy in regard to each Pool Receivable and the related Contracts.

(h) Collections. Each of Seller and Parent will instruct (i) all Obligors to cause all Collections to be sent to a Lock-Box that is the subject of a Lock-Box Agreement and (ii) each Lock-Box Bank to deposit all such Collections directly into a Lock-Box Account that is the subject of a Lock-Box Agreement. In the event that Parent or Seller receives Collections directly from any Obligor, Parent or Seller, as the case may be, shall deposit such Collections into a Lock-Box Account within two Business Days of receipt thereof.

(i) Net Worth. Seller will maintain a Tangible Net Worth of at least \$2,000,000.

(j) Quality of Title. Each of Seller and Parent will take all action reasonably necessary or advisable to establish and maintain a valid and enforceable perfected first priority undivided percentage interest in favor of the Administrator, for the benefit of the Purchasers, to the extent of the Asset Interest in each Pool Asset, free and clear of any Lien (other than any Lien created by this Agreement or any other Transaction Document or arising solely as a result of any action taken by a Purchaser or the Administrator), enforceable against any creditor of, or purchaser from, Seller or Parent.

(k) Financial Covenants. Parent will not permit Consolidated Net Worth as of the end of any fiscal quarter during any fiscal year of Parent to be less than the sum of (i) \$290,000,000 plus (ii) 75% of positive Consolidated Net Income since December 31, 2002 plus (iii) Net Cash Proceeds from the sale of Capital Stock of Parent on a cumulative basis since December 31, 2002.

SECTION 7.02. Reporting Requirements. From the date hereof until the Final Payout Date:

(a) Quarterly Financial Statements. As soon as available and in any event within 45 days after the end of each of the first three quarterly periods of each fiscal year (i) Seller will furnish to the Administrator copies of its unaudited financial statements, consisting of at least a balance sheet of Seller as at the close of such quarter and the related unaudited statements of income and of cash flows for such quarter and for

the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by the chief financial officer of Seller as being fairly stated in all material respects (subject to normal year-end audit adjustments) and (ii) Parent will furnish to the Administrator copies of the unaudited consolidated financial statements of Parent, consisting of at least an unaudited consolidated balance sheet of Parent and its Subsidiaries as at the end of such quarter and

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the related unaudited statements of income and cash flows for such quarter and for the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by the principal financial officer of Parent as being fairly stated in all material respects (subject to normal year-end audit adjustments); all of the foregoing financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such officer and disclosed therein, provided that such financial statements need not contain footnotes);

(b) Annual Financial Statements. As soon as available and in any event within 90 days after the end of each fiscal year (i) Seller will furnish to the Administrator copies of its audited financial statements, consisting of at least a balance sheet of Seller as at the end of such year and the related audited consolidated statements of income and cash flows for such year, setting forth in each case in comparative form the figures for the previous year reported on without a "going-concern" or like qualification or exception, or qualification arising out of the scope of the audit, by PricewaterhouseCoopers LLP or other independent certified public accountants of nationally recognized standing; and (ii) Parent will furnish to the Administrator copies of its audited financial statements, consisting of at least the audited consolidated balance sheet of Parent and its Subsidiaries as at the end of such year and a related audited consolidated statements of income and of cash flow for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going-concern" or like qualification or exception, or qualification arising out of the scope of the audit, by PricewaterhouseCoopers LLP or other independent certified public accountants of national recognized standing; all of the foregoing financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants and disclosed therein);

(c) Compliance Certificate. Together with each quarterly and annual financial statement delivered in accordance with the preceding paragraphs, Parent will furnish to the Administrator a compliance certificate showing a calculation of the financial covenant set forth in Section 7.01(k) certified by the principal financial officer of Parent;

(d) Liquidation Events. Each of Seller and Parent will furnish to the Administrator, as soon as possible and in any event within two Business Days after an officer of Seller or Parent obtains actual knowledge of the occurrence of each Liquidation Event and each Unmatured Liquidation Event, a written statement of the chief financial officer or chief accounting officer of Seller or Parent, as the case may be, setting forth details of such event and the action that Seller or Parent, as the case may be, proposes to take with respect thereto;

(e) Litigation. Each of Seller and Parent will furnish to the Administrator, as soon as possible and in any event within three Business Days of Seller's or Parent's actual knowledge thereof, notice of (i) any litigation, investigation or proceeding which may exist at any time which is not fully covered by insurance and which could be reasonably

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expected to have a Material Adverse Effect and (ii) any material adverse development in previously disclosed litigation;

(f) Change in Credit and Collection Policy. Each of Seller and Parent will furnish to the Administrator, prior to its effective date, notice of any material change in the Credit and Collection Policy;

(g) Change in Name. Seller will furnish to the Administrator, at least thirty days prior to any change in Seller's name, principal business, location, jurisdiction of organization or any other change requiring the amendment of UCC financing statements, a notice setting forth such changes and the effective date thereof; and

(h) Other Information. Each of Seller and Parent will furnish to the Administrator such other information respecting the Receivables or the condition or operations, financial or otherwise, of the Parent or Seller or any of Parent's Subsidiaries as the Administrator may from time to time reasonably request.

SECTION 7.03. Negative Covenants. From the date hereof until the Final Payout Date:

(a) Sales, Liens, Etc. Seller will not, except as otherwise provided herein or in the other Transaction Documents, sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Lien upon or with respect to, any Pool Asset or any interest therein.

(b) Extension or Amendment of Receivables. Neither Parent nor Seller will, except as otherwise permitted in Section 8.02, extend, amend or otherwise modify, or permit Servicer to extend, amend or otherwise modify, the terms of any Pool Receivable; or amend, modify or waive, or permit Servicer to amend, modify or waive, any term or condition of any Contract related to a Pool Receivable.

(c) Change in Business or Credit and Collection Policy. Neither Parent nor Seller will make any change in the character of its business or in the Credit and Collection Policy, which change could materially impair the collectibility of any Pool Receivable or otherwise materially adversely affect the interests or remedies of the Administrator or any Purchaser under this Agreement or any other Transaction Document.

(d) Change in Payment Instructions to Obligors. Neither Parent nor Seller will add or terminate any bank as a Lock-Box Bank or any Lock-Box Account from those listed in Schedule 6.01(n) or make any change, or permit Servicer to make any change, in its instructions to Obligors regarding payments to be made to Seller or Servicer or payments to be made to any Lock-Box Bank, unless the Administrator shall have received prior notice of such addition, termination or change and duly executed copies of Lock-Box Agreements with each new Lock-Box Bank or with respect to each new Lock-Box Account, as the case may be.

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(e) Mergers, Acquisitions, Sales, etc. Neither Parent nor Seller will (i) be a party to any merger with or acquisition of any other Person without the consent of the Administrator, unless, in the case of Parent, Parent is the surviving corporation and no Liquidation Event has occurred and is continuing or would result therefrom, or (ii) sell, transfer, convey or lease all or substantially all of its assets, or sell or assign with or without recourse any Receivables or any interest therein (other than pursuant hereto or to the Purchase Agreement). Parent will not sell any of the capital stock of Seller, or permit any Lien to exist thereon.

(f) Deposits to Special Accounts. Neither Parent nor Seller will deposit or otherwise credit, or cause or permit to be so deposited or credited, to any Lock-Box Account cash or cash proceeds other than Collections of Pool Receivables.

(g) Other Business. Seller will not (i) engage in any business other than the transactions contemplated by the Transaction Documents; (ii) incur any indebtedness, obligation, liability or contingent obligation of any kind other than pursuant to this Agreement or the Purchase Agreement; or (iii) form any Subsidiary or make any investments in any other Person.

(h) Certificate of Incorporation; Purchase Agreement. Seller will not amend, modify, terminate, revoke or waive any provision of its certificate of incorporation, any Initial Purchaser Note or the Purchase Agreement.

(i) Restricted Payments. Seller will not declare or make any dividend or other distributions to any of its shareholders, redeem or purchase any of its capital stock or make any loan or other payments to any of its shareholders (other than (1) payments of the purchase price of Receivables as set forth in the Purchase Agreement, (2) the turn-over of Collections of Reconveyed Receivables to an Originator as set forth in the Purchase Agreement, (3) payment of Servicer's Fee so long as Parent is Servicer and (4) payment of reasonable management fees and reimbursement of reasonable expenses of Parent incurred in connection with managing Seller) unless, in each case, no Liquidation Event or Unmatured Liquidation Event has occurred and is continuing or would result therefrom.

(j) Change of Name or Location. Seller will not change its name or the location of its principal place of business or chief executive office or its corporate structure or its jurisdiction or organization, unless Seller has given the Administrator at least thirty (30) days prior notice thereof, and has taken all steps necessary or advisable under the UCC to continue the perfection and priority of the Administrator's and each Purchaser's interest in the Pool Assets.

SECTION 7.04. Separate Existence. Each of Seller and Parent hereby acknowledges that each Purchaser and the Administrator are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance upon Seller's identity as a legal entity separate from Parent. Therefore, from and after the date hereof, each of Seller and Parent shall take all steps specifically required by this Agreement or by any Purchaser or the Administrator to continue Seller's identity as a separate legal entity and to make it

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apparent to third Persons that Seller is an entity with assets and liabilities distinct from those of Parent and any other Person, and is not a division of Parent or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, each of Seller and Parent shall take such actions as shall be required in order that:

(a) Seller will be a limited purpose corporation whose primary activities are restricted in its certificate of incorporation to purchasing or otherwise acquiring from the Originators, owning, holding, granting security interests, or selling interests, in Pool Assets, entering into agreements for the selling and servicing of the Receivables Pool, and conducting such other activities as it deems necessary or appropriate to carry out its primary activities;

(b) Seller shall not engage in any business or activity, or incur any indebtedness or liability other than as expressly permitted by the Transaction Documents;

(c) Not less than one member of Seller's Board of Directors shall be an Independent Director. The certificate of incorporation of Seller shall provide that (i) Seller's Board of Directors shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy or insolvency petition or similar proceeding or a merger or dissolution with respect to Seller unless the Independent Director shall approve the taking of such action in writing prior to the taking of such action and (ii) such provision cannot be amended without the prior written consent of the Independent Director;

(d) The Independent Director shall not at any time serve as a trustee in bankruptcy for Seller, Parent or any Affiliate thereof;

(e) Any employee, consultant or agent of Seller will be compensated from Seller's funds for services provided to Seller. Seller will not engage any agents other than its attorneys, auditors and other professionals, and a Servicer as contemplated by the Transaction Documents

for the Receivables Pool, which Servicer will be fully compensated for its services by payment of Servicer's Fee and a manager, which manager will be fully compensated from Seller's funds;

(f) Seller will not incur any material indirect or overhead expenses for items shared with Parent (or any other Affiliate thereof) which are not reflected in Servicer's Fee or the fee to Parent in its role as manager for Seller. To the extent, if any, that Seller (or any other Affiliate thereof) share items of expenses not reflected in Servicer's Fee or the manager's fee, such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered, it being understood that Parent shall pay all expenses relating to the preparation, negotiation, execution and delivery of the Transaction Documents, including, without limitation, legal and other fees;

(g) Seller's operating expenses will not be paid by Parent or any other Affiliate thereof;

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(h) Seller will have its own stationery;

(i) Seller's books and records will be maintained separately from those of Parent and any other Affiliate thereof;

(j) All financial statements of Parent or any Affiliate thereof that are consolidated to include Seller will contain detailed notes clearly stating that (A) all of Seller's assets are owned by Seller, and (B) Seller is a separate entity with creditors who have received security interests in Seller's assets;

(k) Seller's assets will be maintained in a manner that facilitates their identification and segregation from those of Parent or any Affiliate thereof;

(l) Seller will strictly observe corporate formalities in its dealings with Parent or any Affiliate thereof, and funds or other assets of Seller will not be commingled with those of Parent or any Affiliate thereof except as permitted by this Agreement in connection with servicing the Pool Receivables. Seller shall not maintain joint bank accounts or other depository accounts to which Parent or any Affiliate thereof (other than Parent in its capacity as Servicer) has independent access;

(m) Seller will maintain arms'-length relationships with Parent (and any Affiliate thereof). Any Person that renders or otherwise furnishes services to Seller will be compensated by Seller at market rates for such services it renders or otherwise furnishes to Seller. Neither Seller nor Parent will be or will hold itself out to be responsible for the debts of the other or the decisions or actions respecting the daily business and affairs of the other. Seller and Parent will immediately correct any known misrepresentation with respect to the foregoing, and they will not operate or purport to operate as an integrated single economic unit with respect to each other or in their dealing with any other entity; and

(n) Seller and Parent will take such other actions as may be necessary to ensure that the facts and assumptions set forth in the opinion issued by Sullivan & Cromwell in connection with the initial Purchase and in the certificate accompanying such opinion remain true and correct.

ARTICLE VIII

ADMINISTRATION AND COLLECTION

SECTION 8.01. Designation of Servicer.

(a) Parent as Initial Servicer. The servicing, administering and collection of the Pool Receivables shall be conducted by the Person designated as servicer hereunder ("Servicer") from time to time in accordance with this Section 8.01. Until the Administrator gives to Parent a Successor Notice, Parent is hereby designated as, and hereby agrees to perform the duties and obligations

of, Servicer pursuant to the terms hereof.

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(b) Successor Notice; Servicer Transfer Events. Upon Parent's receipt of notice from the Administrator of the Administrator's designation of a new Servicer (a "Successor Notice"), Parent agrees that it will terminate its activities as Servicer hereunder in a manner that the Administrator reasonably believes will facilitate the transition of the performance of such activities to the new Servicer, and the new Servicer shall assume each and all of Parent's obligations to service and administer such Pool Receivables, on the terms and subject to the conditions herein set forth, and Parent shall use its reasonable best efforts to assist the new Servicer in assuming such obligations. The Administrator agrees not to give Parent a Successor Notice until after the occurrence of a Liquidation Event (any such Liquidation Event being herein called a "Servicer Transfer Event"), in which case such Successor Notice may be given at any time in the Administrator's discretion.

(c) Resignation. The Parent acknowledges that the Administrator and each Purchaser have relied on the Parent's agreement to act as Servicer hereunder in making their decision to execute and deliver this Agreement. Accordingly, the Parent agrees that it will not voluntarily resign as Servicer.

(d) Subcontracts. Servicer may, with the prior consent of the Administrator, subcontract with any other Person for servicing, administering or collecting the Pool Receivables, provided that (i) such sub-servicer shall agree in writing to perform its duties and obligations in a manner not inconsistent with the duties and obligations of Servicer pursuant to the terms hereof; (ii) Servicer shall remain primarily liable for the performance of the duties and obligations of Servicer pursuant to the terms hereof, (iii) Seller, the Administrator and each Purchaser shall have the right to look solely to Servicer for performance, and (iv) any such subcontract may be terminated at the option of the Administrator upon the occurrence of a Servicer Transfer Event. The Administrator and each Purchaser acknowledges that Servicer has appointed each Originator as a sub-servicer with respect to the Receivables generated by such Originator, and each of the Administrator and each Purchaser hereby consents thereto. Servicer may, in its sole and absolute discretion, remove any subservicer at any time.

(e) Servicing Programs. In the event that Servicer uses any software program in servicing the Pool Receivables that it licenses from a third party, upon the occurrence of a Servicer Transfer Event, Servicer shall use its reasonable best efforts to obtain whatever licenses or approvals are necessary to allow the Administrator or the new Servicer to use such program.

SECTION 8.02. Duties of Servicer.

(a) Appointment; Duties in General. Each of Seller, each Purchaser and the Administrator hereby appoints Servicer as its agent, as from time to time designated pursuant to Section 8.01, to enforce its rights and interests in and under the Pool Assets. Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Pool Receivable from time to time, all in accordance with Applicable Law and the Credit and Collection Policy.

(b) Allocation of Collections; Segregation. Servicer shall set aside for the account of Seller and Purchasers their respective allocable shares of the Collections of Pool Receivables in accordance with Section 1.03 but shall not be required (unless otherwise instructed by the

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Administrator) to segregate the funds constituting such portions of such Collections prior to the remittance thereof in accordance with Section 3.01. If instructed by the Administrator, Servicer shall segregate and deposit with a bank designated by the Administrator, Purchasers' Share of Collections, on the second Business Day following receipt by Servicer of such Collections in immediately available funds.

(c) Modification of Receivables. So long as no Liquidation Event or Unmatured Liquidation Event shall have occurred and be continuing, Servicer may

(i) in accordance with the Credit and Collection Policy, adjust the Unpaid Balance of any Defaulted Receivable or extend the time for payment of any Defaulted Receivable (but in no event to a date later than 120 days from the date of the original invoice), provided that (A) such extension or adjustment shall not alter the status of such Pool Receivable as an Overdue Receivable or a Defaulted Receivable or limit the rights of any Purchaser or the Administrator under this Agreement, and (B) the aggregate amount of all such adjustments made in any Settlement Period, plus the aggregate Unpaid Balance of all Pool Receivables that have been extended during such Settlement Period, shall not exceed 2% of the aggregate Unpaid Balance of all Pool Receivables as at the Cut-Off Date for such Settlement Period and (ii) adjust the Unpaid Balance of any Receivable to reflect the reductions or cancellations described in the first sentence of Section 3.02(a).

(d) Documents and Records. Seller shall deliver to Servicer, and Servicer shall hold in trust for Seller and Purchasers in accordance with their respective interests, all documents, instruments and records (including, without limitation, computer tapes or disks) that evidence Pool Receivables.

(e) Certain Duties to Seller. Servicer shall, as soon as practicable following receipt, turn over to Seller that portion of Collections of Pool Receivables representing Seller's undivided interest therein, less Seller's Share of Servicer's Fee. Seller hereby directs Servicer to pay any Collections of any Reconveyed Receivable directly to the related Originator to be applied pursuant to the Purchase Agreement. Servicer shall, as soon as practicable upon demand, deliver to Seller copies of documents, instruments and records in its possession that evidence Pool Receivables.

(f) Termination. Servicer's authorization under this Agreement shall terminate upon the Final Payout Date.

(g) Power of Attorney. Seller hereby grants to Servicer an irrevocable power of attorney, with full power of substitution, coupled with an interest, to take in the name of Seller all steps which are necessary or advisable to endorse, negotiate or otherwise realize on any writing or other right of any kind held or transmitted by Seller or transmitted or received by a Purchaser (whether or not from Seller) in connection with any Receivable. Notwithstanding anything to the contrary contained herein, the Administrator may direct Servicer to commence or settle any legal action to enforce collection of any Pool Receivable or to foreclose upon or repossess any Related Security; provided, however, that no such direction may be given unless either (i) a Liquidation Event has occurred or (ii) the Administrator believes in good faith that failure to commence, settle, or effect such legal action, foreclosure or repossession, could adversely affect Receivables constituting a material portion of the Pool Receivables, provided

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that the Administrator has given Servicer at least two Business Days' notice of its intention to give such direction.

SECTION 8.03. Rights of the Administrator.

(a) Notice to Obligor. At any time after the occurrence of a Liquidation Event, the Administrator may notify the Obligor of Pool Receivables, or any of them, of the ownership of the Asset Interest by the Administrator, for the benefit of Purchasers.

(b) Notice to Lock-Box Banks. At any time following the earlier to occur of (i) the occurrence of a Liquidation Event, and (ii) the commencement of the Liquidation Period, the Administrator is hereby authorized to give notice to the Lock-Box Banks, as provided in the Lock-Box Agreements, of the transfer to the Administrator of dominion and control over the lock-boxes and Lock-Box Accounts. Each of Servicer and Seller hereby transfers to the Administrator, effective when the Administrator shall give notice to the Lock-Box Banks as provided in the Lock-Box Agreements, the exclusive dominion and control over such lock-boxes and accounts, and shall take any further action that the Administrator may reasonably request to effect such transfer. Any proceeds of Pool Receivables received by Seller or Parent, as Servicer or otherwise, thereafter shall be sent immediately to the Administrator.

(c) Rights on Servicer Transfer Event. At any time following the designation of a Servicer other than Parent pursuant to Section 8.01:

(i) The Administrator may direct the Obligors of Pool Receivables, or any of them, to pay all amounts payable under any Pool Receivable directly to the Administrator or its designee.

(ii) Parent shall, at the Administrator's request and at Parent's expense, give notice of such ownership to each said Obligor and direct that payments be made directly to the Administrator or its designee.

(iii) Parent and Seller shall, at the Administrator's request, (A) assemble all of the documents, instruments and other records (including, without limitation, computer programs, tapes and disks) which evidence the Pool Receivables and the related Contracts and Related Security, or which are otherwise necessary or desirable to collect such Pool Receivables and make the same available to the Administrator at a place selected by the Administrator, and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections in a manner acceptable to the Administrator and promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Administrator.

(iv) Each of Seller and each Purchaser hereby authorizes the Administrator, and grants to the Administrator an irrevocable power of attorney, to take any and all steps in Seller's name and on behalf of Seller and any Purchaser which are necessary or desirable, in the reasonable determination of the Administrator, to collect all amounts due under any and all Pool Receivables including, without limitation, endorsing Seller's name on checks and other instruments representing Collections and enforcing such Pool Receivables and the related Contracts, provided that, notwithstanding anything to the

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contrary set forth herein, in the Purchase and Sale Agreement or in any separate power of attorney granted by Seller or any Originator in connection herewith, the Administrator shall not exercise such power of attorney unless and until a Servicer other than Parent has been appointed pursuant to Section 8.01.

SECTION 8.04. Responsibilities of Seller. Anything herein to the contrary notwithstanding:

(a) Contracts. Seller shall perform, or cause an Originator to perform under the Purchase Agreement, all of its material obligations under the Contracts related to the Pool Receivables and under the other agreements related thereto to the same extent as if the Asset Interest had not been sold hereunder, and the exercise by the Administrator or its designee of its rights hereunder shall not relieve Seller from any obligations under such Contracts and other agreements.

(b) Limitation of Liability. Neither the Administrator nor any Purchaser shall have any obligation or liability with respect to any Pool Receivables, the related Contracts or any other related agreements, nor shall any of them be obligated to perform any of the obligations of Seller or any Originator thereunder.

SECTION 8.05. Further Action Evidencing Purchases and Reinvestments.

(a) Further Assurances. Seller shall, at its expense, take all action necessary or advisable to establish and maintain a valid and enforceable first priority perfected undivided ownership interest, to the extent of the Asset Interest, in the Pool Assets, free and clear of any Lien, in favor of the Administrator, for the benefit of Purchasers. Without limiting the generality of the foregoing, Seller will upon the request of the Administrator or its designee execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate to evidence or perfect the interest described in the previous sentence.

(b) Data Processing Records. Each of Parent and Seller will mark its master data processing records evidencing the Pool Receivables with the legend set forth below evidencing that the Asset Interest has been sold in accordance with this Agreement.

AN OWNERSHIP AND SECURITY INTEREST IN THE RECEIVABLES DESCRIBED HEREIN HAS BEEN GRANTED AND ASSIGNED TO FLEET NATIONAL BANK, AS ADMINISTRATOR, PURSUANT TO AN AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT, DATED AS OF OCTOBER 23, 2003, AMONG CONMED RECEIVABLES CORPORATION, CONMED CORPORATION, AND FLEET NATIONAL BANK, AS PURCHASER AND AS THE ADMINISTRATOR.

(c) Additional Financing Statements; Performance by Administrator. Seller hereby authorizes the Administrator or its designee to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any portion of the

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Asset Interest now existing or hereafter arising in the name of Seller. If Seller or Parent fails to perform any of its agreements or obligations under this Agreement, the Administrator or its designee may (but shall not be required to), after notice to Seller or Parent (unless immediate action is reasonably required to protect the interests of the Administrator or Purchasers), itself perform, or cause performance of, such agreement or obligation, and the expenses of the Administrator or its designee incurred in connection therewith shall be payable by Seller or Parent, as the case may be.

(d) Continuation Statements; Opinion. Without limiting the generality of subsection (a), Seller will, not earlier than six (6) months and not later than three (3) months prior to the fifth anniversary of the date of filing of the financing statement referred to in Section 5.01(d) or any other financing statement filed pursuant to this Agreement or in connection with any Purchase hereunder, unless the Final Payout Date shall have occurred, execute, if required, and deliver and file or cause to be filed an appropriate continuation statement with respect to such financing statement.

SECTION 8.06. Application of Collections. Any payment by an Obligor in respect of any indebtedness owed by it to Seller shall, (i) except as otherwise specified by such Obligor, (ii) except as otherwise required by the underlying Contract or law or (iii) unless the Administrator instructs otherwise, be applied, first, as a Collection of any Pool Receivable or Receivables then outstanding of such Obligor in the order of the age of such Pool Receivables, starting with the oldest of such Pool Receivable and, second, to any other indebtedness of such Obligor.

ARTICLE IX

SECURITY INTEREST

SECTION 9.01. Grant of Security Interest. To secure all obligations of Seller arising in connection with this Agreement and each other Transaction Document, whether now or hereafter existing, due or to become due, direct or indirect, or absolute or contingent, including, without limitation, all Indemnified Amounts, payments on account of Collections of Pool Receivables received or deemed to be received and fees, Seller hereby assigns and grants to Administrator, for the benefit of the Secured Parties, a security interest in all of Seller's right, title and interest (including specifically any undivided interest retained by Seller hereunder) now or hereafter existing in, to and under all of the Pool Assets.

SECTION 9.02. Further Assurances. The provisions of Section 8.05 shall apply to the security interest granted under Section 9.01 as well as to the Purchases, Reinvestments and the Asset Interest hereunder.

SECTION 9.03. Remedies. Upon the occurrence of a Liquidation Event, the Administrator and Purchaser shall have, with respect to the collateral granted pursuant to Section 9.01, and in addition to all other rights and remedies available to Purchaser or the Administrator under this Agreement or other applicable law, all the rights and remedies of a secured party upon default under the UCC.

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ARTICLE X

LIQUIDATION EVENTS

SECTION 10.01. Liquidation Events. The following events shall be "Liquidation Events" hereunder:

(a) (i) Servicer (if Parent or an Affiliate of Parent is Servicer) shall fail to perform or observe any obligation of Servicer to provide any Servicer Report or Weekly Report when due hereunder or any obligation of Servicer pursuant to Section 8.02 and such failure shall remain unremedied for more than three Business Days after written notice thereof shall have been given by the Administrator to Servicer (provided that no notice shall be required in the case of the failure to provide any Servicer Report when due) or (ii) Seller or Servicer (if Parent or its Affiliate is Servicer) shall fail to make any payment or deposit to be made by it hereunder within two (2) Business Days of when due; or

(b) Any representation or warranty made or deemed to be made by Seller, Parent or any Originator under or in connection with this Agreement, any other Transaction Document, any Weekly Report or any Servicer Report or other information or report delivered pursuant hereto shall prove to have been inaccurate in any material respect when made; or

(c) Seller, Parent or any Originator shall fail to perform or observe any other term, covenant or agreement contained in this Agreement (other than the covenant set forth in Section 8.05(e)) or any of the other Transaction Documents on its part to be performed or observed and any such failure shall continue unremedied for ten (10) Business Days after written notice thereof shall have been given by the Administrator to Seller or Parent, as the case may be; or

(d) A default shall have occurred and be continuing under any instrument or agreement evidencing, securing or relating to Indebtedness in excess of \$20,000,000 of, or guaranteed by, Parent or any Subsidiary thereof, which default is a payment default or if unremedied, uncured, or unwaived (with or without the passage of time or the giving of notice or both) would permit acceleration of the maturity of such indebtedness and such default shall have continued unremedied, uncured or unwaived for a period long enough to permit such acceleration; or

(e) This Agreement or any Purchase or any Reinvestment pursuant to this Agreement shall for any reason (other than pursuant to the terms hereof) (i) cease to create, or the Asset Interest shall for any reason cease to be, a valid and enforceable perfected undivided percentage interest to the extent of the Asset Interest in each Pool Asset, free and clear of any other Lien (other than a Lien arising solely as the result of any action taken by a Purchaser or the Administrator) or (ii) cease to create with respect to the items described in Section 9.01, or the interest of the Administrator (for the benefit of Purchasers) with respect to such items shall cease to be, a valid and enforceable first

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priority perfected security interest, free and clear of any other Lien (other than a Lien arising solely as the result of any action taken by a Purchaser or the Administrator); or

(f) An Event of Bankruptcy shall have occurred and remain continuing with respect to Seller, Parent or any Originator; or

(g) The average of the Sales-Based Dilution Ratios for any three successive Cut-Off Dates exceeds 20%; or

(h) The average of the Default Ratios for any three successive Cut-Off Dates exceeds 5%; or

(i) On any Settlement Date, after giving effect to the payments made under Section 3.01(c), the Asset Interest exceeds the Allocation Limit; or

(j) The average of the Delinquency Ratios for any three successive Cut-Off Dates is greater than 10%; or

(k) There shall exist any event or occurrence that has caused a

Material Adverse Effect; or

(l) Seller or Parent is subject to a Change-in-Control; or

(m) The Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Internal Revenue Code with regard to any of the assets of Seller or Parent and such lien shall not have been released within 5 Business Days, or the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of the Employee Retirement Income Security Act of 1974 with regard to any of the assets of Seller or Parent and such lien shall not have been released within 5 Business Days.

SECTION 10.02. Remedies.

(a) Optional Liquidation. Upon the occurrence of a Liquidation Event (other than a Liquidation Event described in subsection (f) of Section 10.01), the Administrator shall, at the request, or may with the consent, of Purchasers, by notice to Seller declare the Purchase Termination Date to have occurred and the Liquidation Period to have commenced.

(b) Automatic Liquidation. Upon the occurrence of a Liquidation Event described in subsection (f) of Section 10.01 with respect to Parent or Seller, the Purchase Termination Date shall occur and the Liquidation Period shall commence automatically.

(c) Additional Remedies. Upon any Purchase Termination Date occurring pursuant to this Section 10.02, no Purchases or Reinvestments thereafter will be made, and the Administrator and each Purchaser shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided under the UCC of each applicable jurisdiction and other Applicable Law, which rights shall be cumulative.

ARTICLE XI

THE ADMINISTRATOR

SECTION 11.01. Authorization and Action. Each Purchaser hereby appoints and authorizes the Administrator (or its designees) to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrator by the terms hereof, together with such powers as are reasonably incidental hereto.

SECTION 11.02. Administrator's Reliance, Etc. The Administrator and its directors, officers, agents or employees shall not be liable for any action taken or omitted to be taken by it or them under or in connection with the Transaction Documents (including, without limitation, the servicing, administering or collecting of Pool Receivables as Servicer pursuant to Section 8.01), except for its or their own gross negligence, bad faith or willful misconduct. Without limiting the generality of the foregoing, the Administrator: (a) may consult with legal counsel, independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to Purchaser or any other holder of any interest in Pool Receivables and shall not be responsible to any Purchaser or any such other holder for any statements, warranties or representations made in or in connection with any Transaction Document; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Transaction Document on the part of Seller or Parent or to inspect the property (including the books and records) of Seller, any Originator or Parent; (d) shall not be responsible to Purchaser or any other holder of any interest in Pool Receivables for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Transaction Document or any Receivable; and (e) shall incur no liability under or in respect of this Agreement by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile) believed by it in good faith to be genuine and signed or sent by the proper party or parties.

SECTION 11.03. Fleet and Affiliates. Fleet and any of its Affiliates may generally engage in any kind of business with Seller, Parent, any Originator or

any Obligor, any of their respective Affiliates and any Person who may do business with or own securities of Seller, Parent, any Originator or any Obligor or any of their respective Affiliates, all as if Fleet were not the Administrator, and without any duty to account therefor to Purchaser or any other holder of an interest in Pool Receivables.

ARTICLE XII

ASSIGNMENT OF PURCHASER'S INTEREST

SECTION 12.01. Restrictions on Assignments.

(a) Neither Seller nor Parent may assign its rights, or delegate its duties, hereunder or any interest herein without the prior written consent of the Administrator. No Purchaser may assign its rights hereunder (although it may delegate its duties hereunder as expressly indicated

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herein) or the Asset Interest (or any portion thereof) to any Person without the prior written consent of Seller, which consent shall not be unreasonably withheld.

(b) Seller agrees to advise the Administrator within ten (10) Business Days after notice to Seller of any proposed assignment by a Purchaser of the Asset Interest (or any portion thereof), not otherwise permitted under subsection (a), of Seller's consent or non-consent to such assignment. All of the aforementioned assignments shall be upon such terms and conditions as the assigning Purchaser and the assignee may mutually agree.

(c) Notwithstanding anything herein to the contrary, any Purchaser may at any time without the consent of Seller, pledge or assign all or any portion of its rights hereunder to any of the Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341 in support of borrowings made to such Purchaser by such Federal Reserve Bank, provided that no such pledge or assignment or enforcement thereof shall release such Purchaser from any of its obligations hereunder.

SECTION 12.02. Rights of Assignee. Upon the assignment by a Purchaser in accordance with this Article XII, the assignee receiving such assignment shall have all of the rights and shall assume in writing all of the obligations of the assigning Purchaser with respect to the Transaction Documents and the Asset Interest (or such portion thereof as has been assigned), and the assigning Purchaser shall be released from such obligations.

ARTICLE XIII

INDEMNIFICATION

SECTION 13.01. Indemnities.

(a) General Indemnity by Seller. Without limiting any other rights which any such Person may have hereunder or under Applicable Law, Seller hereby agrees to indemnify each of the Administrator, each Purchaser, each of their respective Affiliates, and all successors, permitted transferees, participants and permitted assigns and all officers, directors, shareholders, members, controlling persons, employees and agents of any of the foregoing (each an "Indemnified Party"), within ten (10) Business Days of demand, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or relating to the Transaction Documents or the ownership or funding of the Asset Interest or in respect of any Receivable or any Contract, excluding, however, (a) Indemnified Amounts to the extent resulting from gross negligence, bad faith or willful misconduct on the part of such Indemnified Party or (b) Indemnified Amounts which have the effect of recourse for non-payment of the Pool Receivables due to credit problems of the Obligors (except as otherwise specifically provided in this Agreement). Without limiting the foregoing, Seller shall indemnify each Indemnified Party for Indemnified Amounts arising out of or relating to:

(i) the transfer by Seller of any interest in any Pool Receivable other than the transfer of an Asset Interest to the Administrator, for the

benefit of Purchasers, pursuant

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to this Agreement and the grant of a security interest to the Administrator pursuant to Section 9.01;

(ii) any representation or warranty made by Seller under or in connection with any Transaction Document, any Servicer Report, any Weekly Report or any other information or report delivered by or on behalf of Seller pursuant hereto, which shall have been false, incorrect or misleading in any respect when made;

(iii) the failure by Seller to comply with any Applicable Law, or the nonconformity of any Pool Receivable or the related Contract with any Applicable Law;

(iv) the failure to vest and maintain vested in the Administrator, for the benefit of Purchasers, an undivided percentage ownership interest, to the extent of the Asset Interest, in the Pool Assets, free and clear of any Lien, other than a Lien created pursuant to this Agreement or any other Transaction Document or arising solely as a result of an act of a Purchaser or the Administrator, whether existing at the time of any Purchase or Reinvestment of such Asset Interest or at any time thereafter;

(v) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Pool Assets, whether at the time of any Purchase or Reinvestment or at any time thereafter;

(vi) any dispute, claim, offset or defense (other than discharge in bankruptcy or payment) of the Obligor to the payment of any Receivable included in the Net Pool Balance (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or services related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vii) any breach by Seller of any of its covenants or agreements under this Agreement or any other Transaction Document;

(viii) any products liability claim arising out of or in connection with merchandise or services that are the subject of any Pool Receivable;

(ix) any litigation, proceeding or investigation against Seller; or

(x) any tax or governmental fee or charge (but not including taxes upon or measured by net income or representing a franchise or unincorporated business tax of such Person), all interest and penalties thereon or with respect thereto, and all out-of-pocket costs and expenses, including the reasonable fees and expenses of counsel in defending against the same, which may arise by reason of the purchase or ownership of any Asset Interest, or any other interest in the Pool Receivables or in any goods which secure any such Pool Receivables.

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(b) Indemnity by Servicer. Without limiting any other rights which any such Person may have hereunder or under applicable law, Servicer hereby agrees to indemnify each Indemnified Party, within five (5) Business Days of demand, from and against any and all Indemnified Amounts awarded against or incurred by any of them arising out of or relating to (i) any representation or warranty made by Servicer under or in connection with any Transaction Document, any Servicer Report, any Weekly Report or any other information or report delivered by or on behalf of Servicer pursuant hereto, which shall have been false, incorrect or misleading when made, (ii) the failure by Servicer to comply with any Applicable Law, (iii) any breach by Servicer of any of its covenants or agreements under this Agreement or any other Transaction Document or (iv) the commingling of any Collections with other funds.

(c) After-Tax Basis. Indemnification hereunder shall be in an amount necessary to make the Indemnified Party whole after taking into account any tax consequences to the Indemnified Party of the receipt of the indemnity provided hereunder, including the effect of such tax or refund on the amount of tax measured by net income or profits which is or was payable by the Indemnified Party.

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by any party therefrom shall in any event be effective unless the same shall be in writing and signed by (a) Seller, the Administrator, Parent and each Purchaser (with respect to an amendment) or (b) the Administrator and each Purchaser (with respect to a waiver or consent by them) or Seller or Parent (with respect to a waiver or consent by it), as the case may be, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 14.02. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by express mail or courier or by certified mail, postage prepaid, or by facsimile, to the intended party at the address or facsimile number of such party set forth under its name on Schedule 14.02 or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective, (a) if personally delivered or sent by express mail or courier or if sent by certified mail, when received, and (b) if transmitted by facsimile, when sent, receipt confirmed by telephone or electronic means, if sent during business hours on a Business Day or on the next Business Day in all other cases.

SECTION 14.03. No Waiver; Remedies. No failure on the part of the Administrator, any Affected Party, any Indemnified Party, any Purchaser or any other holder of the Asset Interest (or any portion thereof) to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

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SECTION 14.04. Binding Effect; Survival. This Agreement shall be binding upon and inure to the benefit of Seller, Parent, the Administrator, each Purchaser and their respective successors and assigns, and the provisions of Section 4.02 and Article XIII shall inure to the benefit of the Affected Parties and the Indemnified Parties, respectively, and their respective successors and assigns; provided, however, nothing in the foregoing shall be deemed to authorize any assignment not permitted by Section 12.01. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Final Payout Date. The rights and remedies with respect to any breach of any representation and warranty made by Seller or Parent pursuant to Article VI and the provisions of Article XIII and Sections 4.02, 14.05, 14.06, 14.07, 14.08 and 14.15 shall be continuing and shall survive any termination of this Agreement.

SECTION 14.05. Costs, Expenses and Taxes. In addition to its obligations under Article XIII, Seller or Parent, as the case may be, agrees to pay within five Business Days of demand;

(a) all costs and expenses incurred by the Administrator and any Purchaser and their respective Affiliates, in connection with the enforcement after the occurrence of a Liquidation Event against Seller or Parent, as the case may be, of, or any actual or claimed breach by Seller or Parent, as the case may be, of, this Agreement and the other Transaction Documents, including, without limitation (A) the reasonable fees and expenses of counsel to any of such Persons incurred in connection with any of the foregoing or in advising such Persons as to their respective rights and remedies under any of the Transaction Documents, and (B) all reasonable out-of-pocket expenses (including reasonable fees and

expenses of independent accountants incurred in connection with any review of Seller's or Parent's, as the case may be, books and records either prior to the execution and delivery hereof or pursuant to Section 7.01(c) or otherwise); and

(b) all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement or the other Transaction Documents, and agrees to indemnify each Indemnified Party against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

SECTION 14.06. Confidentiality of Program Information.

(a) Confidential Information. Each party hereto acknowledges that FNB regards the structure of the transactions contemplated by this Agreement to be proprietary, and each such party severally agrees that:

(i) it will not disclose without the prior consent of FNB or as is required or authorized by the Transaction Documents (other than to the directors, employees, agents, auditors, counsel or affiliates (collectively, "representatives") of such party, each of whom shall be informed by such party of the confidential nature of the Program Information (as defined below) and of the terms of this Section 14.06), (A) any information regarding the pricing in, or copies of, this Agreement or any transaction contemplated hereby, (B) any information regarding the organization, business or

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operations of Purchaser generally or the services performed by the Administrator for Purchaser, or (C) any information which is furnished by FNB to such party and which is designated by FNB to such party in writing as confidential or not otherwise available to the general public (the information referred to in clauses (A), (B) and (C) is collectively referred to as the "Program Information"); provided, however, that such party may disclose any such Program Information (I) to any other party to this Agreement for the purposes contemplated hereby, (II) as may be required by any Governmental Authority having or claiming to have jurisdiction over such party, (III) in order to comply with Applicable Law, including, without limitation, by filing the Transaction Documents with the Securities and Exchange Commission (provided that neither Seller nor Parent shall file the Fee Letter, or, if required by Applicable Law to file the Fee Letter, Parent or Seller, as the case may be, shall request confidential treatment therefor) or (IV) subject to subsection (c), in the event such party is legally compelled (by interrogatories, requests for information or copies, subpoena, civil investigative demand or similar process) to disclose any such Program Information, unless legally compelled not to do so;

(ii) it will use the Program Information solely for the purposes of evaluating, administering and enforcing the transactions contemplated by this Agreement and making any necessary business judgments with respect thereto; and

(iii) it will, upon demand, return (and cause each of its representatives to return) to FNB, all documents or other written material (other than documents executed by such party) received from FNB, as the case may be, in connection with (a) (i) (B) or (C) above and all copies thereof made by such party which contain the Program Information.

(b) Availability of Confidential Information. This Section 14.06 shall be inoperative as to such portions of the Program Information which are or become generally available to the public or such party on a nonconfidential basis from a source other than FNB or were known to such party on a nonconfidential basis prior to its disclosure by FNB.

(c) Legal Compulsion to Disclose. In the event that any party or anyone to whom such party or its representatives transmits the Program Information is requested or becomes legally compelled (by interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the Program Information, such party will, to the extent that it may legally do so,

(i) provide FNB with prompt written notice so that FNB may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 14.06; and

(ii) unless FNB waives compliance by such party with the provisions of this Section 14.06, make a timely objection to the request or confirmation to provide such Program Information on the basis that such Program Information is confidential and subject to the agreements contained in this Section 14.06.

In the event that such protective order or other remedy is not obtained, or FNB waives compliance with the provisions of this Section 14.06, such party will furnish only that portion of

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the Program Information which (in such party's good faith judgment) is legally required to be furnished and will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Program Information.

(d) Survival. This Section 14.06 shall survive termination of this Agreement.

SECTION 14.07. Confidentiality of Parent Information.

(a) Confidential Information. Each party hereto acknowledges that each of Seller and Parent regards certain information to be proprietary, and each such party severally agrees that:

(i) it will not disclose without the prior consent of Parent or as is required or authorized by the Transaction Documents (other than to the directors, employees, agents, auditors, counsel or affiliates (collectively, "representatives") of such party, each of whom shall be informed by such party of the confidential nature of the Parent Information (as defined below) and of the terms of this Section 14.07), any information which is furnished by Parent to such party and which is designated by Parent or Seller to such party in writing as confidential or not otherwise available to the general public ("Parent Information"); provided, however, that such party may disclose any such Parent Information (I) to any other party to this Agreement for the purposes contemplated hereby, (II) as may be required by any Governmental Authority having or claiming to have jurisdiction over such party, (III) in order to comply with any Applicable Law, (IV) subject to subsection (c), in the event such party is legally compelled (by interrogatories, requests for information or copies, subpoena, civil investigative demand or similar process) to disclose any such Parent Information, (V) to any Affected Party (provided such Person has agreed to be bound by the terms of this Section 14.07), (VI) to any rating agency, or (VII) to any potential assignee or participant of any Purchaser (provided such Person has agreed to be bound by the terms of this Section 14.07); and

(ii) it will use the Parent Information solely for the purposes of evaluating, administering and enforcing the transactions contemplated by this Agreement and making any necessary business judgments with respect thereto.

(b) Availability of Confidential Information. This Section 14.07 shall be inoperative as to such portions of the Parent Information which are or become generally available to the public or such party on a nonconfidential basis from a source other than Parent or were known to such party on a nonconfidential basis prior to its disclosure by Parent.

(c) Legal Compulsion to Disclose. In the event that any party or anyone to whom such party or its representatives transmits the Parent Information is requested or becomes legally compelled (by interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the Parent Information, such party will, to the extent that it may legally do so,

(i) provide Parent with prompt written notice so that Parent may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 14.07; and

(ii) unless Parent waives compliance by such party with the provisions of this Section 14.07, make a timely objection to the request or confirmation to provide such Parent Information on the basis that such Parent Information is confidential and subject to the agreements contained in this Section 14.07.

In the event that such protective order or other remedy is not obtained, or Parent waives compliance with the provisions of this Section 14.07, such party will furnish only that portion of the Parent Information which (in such party's good faith judgment) is legally required to be furnished and will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Parent Information.

(d) Survival. This Section 14.07 shall survive termination of this Agreement.

SECTION 14.08. Waiver of Confidentiality. Anything herein to the contrary notwithstanding, each of Seller, Parent, each Purchaser, the Administrator, each Indemnified Party and any successor or assign of any of the foregoing (and each employee, director, representative or other agent of any of the foregoing) may disclose to any and all Persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) that are or have been provided to any of the foregoing relating to such tax treatment or tax structure, and it is hereby confirmed that each of the foregoing have been so authorized since the commencement of discussions regarding the transactions. This Section 14.08 shall survive termination of this Agreement.

SECTION 14.09. Captions and Cross References. The various captions (including, without limitation, the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Appendix, Schedule or Exhibit are to such Section of or Appendix, Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

SECTION 14.10. Integration. This Agreement and the other Transaction Documents contain a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire understanding among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.

SECTION 14.11. Governing Law. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE PERFECTION OF THE INTERESTS OF THE ADMINISTRATOR IN THE POOL ASSETS IS GOVERNED BY THE LAWS OF THE JURISDICTION OTHER THAN THE STATE OF NEW YORK.

SECTION 14.12. Waiver Of Jury Trial. EACH OF THE PARTIES HERETO HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS

AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR UNDER ANY AMENDMENT, INSTRUMENT OR DOCUMENT DELIVERED OR WHICH MAY BE IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT A JURY TRIAL.

SECTION 14.13. Consent To Jurisdiction; Waiver Of Immunities. EACH PARTY HERETO HEREBY ACKNOWLEDGES AND AGREES THAT:

(a) IT HEREBY IRREVOCABLY (i) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE OR UNITED STATES FEDERAL COURT SITTING

IN THE BOROUGH OF MANHATTAN, STATE OF NEW YORK, OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY TRANSACTION DOCUMENT; (ii) AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE OR UNITED STATES FEDERAL COURT; (iii) WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING; (iv) CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH PERSON AT ITS ADDRESS SPECIFIED IN SECTION 14.02; AND (v) TO THE EXTENT ALLOWED BY LAW, 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 SECTION 14.13 SHALL AFFECT THE ADMINISTRATOR'S OR ANY PURCHASER'S RIGHT TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING ANY ACTION OR PROCEEDING AGAINST ANY OF SELLER OR PARENT OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTIONS.

(b) TO THE EXTENT THAT IT HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM THE JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID TO EXECUTION, EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, IT HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER OR IN CONNECTION WITH THIS AGREEMENT.

SECTION 14.14. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of

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which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

SECTION 14.15. Assignment; Effect of Restatement.

(a) Effective on the Restatement Date, Fleet Securities hereby assigns its rights and obligations as Administrator under the Original Receivables Purchase Agreement (including, without limitation, the Asset Interest) to FNB, and FNB hereby accepts such assignment and shall, from and after the Restatement Date, be the Administrator hereunder. Fleet Securities shall, from and after such assignment, cease to be a party to this Agreement, and shall have no further rights or obligations hereunder (other than those rights and indemnifications which by their terms survive such assignment).

(b) Effective on the Restatement Date, EagleFunding Capital Corporation (as assignee of Blue Keel Funding, LLC), hereby assigns its rights and interest in the outstanding Capital hereunder to FNB, so that FNB shall have, after giving effect to this assignment, all outstanding Capital hereunder, and FNB hereby accepts such assignment. The purchase price for the assignment to FNB shall be equal to the sum of (i) the outstanding amount of such Capital, (ii) outstanding Earned Discount thereon, and (iii) fees accrued under the Transaction Documents through the Restatement Date, which purchase price shall be payable by FNB to an account designated by EagleFunding Capital Corporation. EagleFunding Capital Corporation makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Seller or the performance or observance by the Seller of any of its obligations under this Agreement or any other Transaction Document. EagleFunding Capital Corporation shall, from and after such assignment, cease to be a party to this Agreement, and shall have no further rights or obligations hereunder (other than those rights and indemnifications which by their terms survive such assignment).

(c) Effective on the Restatement Date, subject to the satisfaction of the conditions precedent set forth in Section 5.02, the Original Receivables Purchase Agreement shall be replaced by this Agreement and shall be deemed to be amended and restated in its entirety in the form of this Agreement, and all of the rights and obligations of the parties under the Original Receivables Purchase Agreement shall be deemed to be amended, restated and modified by the terms of this Agreement.

[Remainder of page intentionally left blank]

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

CONMED RECEIVABLES CORPORATION,
as Seller

By: _____
Name Printed: _____
Title: _____

CONMED CORPORATION, as initial Servicer

By: _____
Name Printed: _____
Title: _____

FLEET NATIONAL BANK,
as Purchaser

Commitment: \$50,000,000

By: _____
Name Printed: _____
Title: _____

FLEET NATIONAL BANK, as Administrator

By: _____
Name Printed: _____
Title: _____

S-1 RECEIVABLES PURCHASE
AGREEMENT

Acknowledged and Agreed for purposes of
the assignment set forth in Section 14.15 only:

FLEET SECURITIES, INC., as assigning
Administrator

By: _____
Name Printed: _____
Title: _____

EAGLEFUNDING CAPITAL CORPORATION
(assignee of Blue Keel Funding, LLC), as
assigning Purchaser

By: Fleet Securities, Inc. as
attorney-in-fact

By: _____
Name Printed: _____
Title: _____

SCHEDULE 6.01(m)
LIST OF OFFICES OF SELLER WHERE RECORDS ARE KEPT

1. Parent and Seller currently have the following business locations, and no others:

Parent: 525 French Road
Utica, NY 13502

11311 Concept Blvd.
Largo, FL 33773
(for Livatec Corporation)

6335 Millcreek Drive
Unit 4
Mississauga, Ontario L5N 2M2
Canada
(for Livatec Canada ULC)

Seller: 525 French Road
Utica, NY 13502

2. Parent and Seller maintain their books and records relating to Accounts and General Intangibles at:

The addresses set forth above.

SCHEDULE 6.01(n)
LIST OF LOCK-BOX BANKS AND LOCK-BOX ACCOUNTS

The Chase Manhattan Bank

Account No.: 550123571 (Livatec Corporation)
Account No.: 550129383 (CONMED Corporation)

Fleet National Bank

Account No.: 7015046907

Royal Bank of Canada

Account No.: 106-037-5@03132

SCHEDULE 7.01(g)
DESCRIPTION OF CREDIT AND COLLECTION POLICY

(see attached)

SCHEDULE 14.02
NOTICE ADDRESSES

Administrator:

Fleet National Bank
Mail Stop: NY-UT-36105C
One Clinton Square
P. O. Box 4821 Syracuse, New York 13202

Attention: Michael Brunner

Telephone: 315/426-4357
Facsimile: 315/426-4374

Purchaser:

Fleet National Bank
Mail Stop: NY-UT-36105C
One Clinton Square
P. O. Box 4821 Syracuse, New York 13202

Attention: Michael Brunner

Telephone: 315/426-4357
Facsimile: 315/426-4374

Seller:

CONMED Receivables Corporation
525 French Road

Utica, New York 13502-5994

Attention: President, with copies to
Chief Financial Officer and
General Counsel

Telephone: 315/624-3000
Facsimile: 315/793-8929

Parent:

CONMED Corporation
525 French Road
Utica, New York 13502-5994

Attention: President, with copies to
Chief Financial Officer and
General Counsel

Telephone: 315/624-3000
Facsimile: 315/793-8929

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EXHIBIT 5.01(f)
FORM OF LOCK-BOX AGREEMENT

(see attached)

EXHIBIT 3.01(a)
FORM OF SERVICER REPORT

(see attached)

EXHIBIT 3.01(a)-I
FORM OF INTERIM REPORT

(see attached)

APPENDIX A

DEFINITIONS

This is Appendix A to the Amended and Restated Receivables Purchase Agreement dated as of October 23, 2003 among CONMED Receivables Corporation, as Seller, CONMED Corporation, as initial Servicer and Fleet National Bank, as Purchaser and as Administrator (as amended, supplemented or otherwise modified from time to time, the "Agreement"). Unless otherwise indicated, all Section, Exhibit and schedule references in this Appendix are to Sections of and Exhibits and Schedules to the Agreement.

A. Defined Terms. As used in the Agreement, unless the context requires a different meaning, the following terms have the meanings indicated hereinbelow:

"Accounts" means all accounts, contract rights, chattel paper, instruments and documents, whether now owned or hereafter created or acquired by Parent or in which Parent now has or hereafter acquires any interest.

"Administrator" has the meaning set forth in the preamble.

"Administrator's Office" means the office of the Administrator at One Clinton Square, Syracuse, New York 13221, or such other address as shall be designated by the Administrator in writing to Seller, Parent and each Purchaser.

"Affected Party" means each of each Purchaser, any assignee or participant

of any Purchaser, FNB, any successor to FNB as Administrator, and any sub-agent of the Administrator.

"Affiliate" when used with respect to a Person means any other Person, directly or indirectly, controlling, controlled by, or under common control with such Person.

"Allocation Limit" has the meaning set forth in Section 1.01.

"Alternate Base Rate" means, on any date, a fluctuating rate of interest per annum equal to the higher of

(a) the rate of interest most recently announced by the Reference Bank in Boston, Massachusetts, as its prime rate; and

(b) the Federal Funds Rate most recently determined by the Reference Bank plus 0.50% per annum.

The Alternate Base Rate is not necessarily intended to be the lowest rate of interest determined by the Reference Bank in connection with extensions of credit.

"Applicable Law" means all applicable laws, rules, regulations (including temporary and final income tax regulations), statutes, treaties, codes, ordinances, permits, certificates, orders and licenses of and interpretations by any Governmental Authority, and applicable judgments,

decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction.

"Applicable Stress Factor" means 1.30.

"Asset Interest" means an undivided ownership interest determined from time to time as provided in Section 1.04(b) in all Pool Assets.

"Business Day" means a day other than a Saturday or a Sunday on which both (a) the Administrator at its principal office in Boston, Massachusetts is open for business and (b) commercial banks in New York City are not authorized or required to be closed for business.

"Capital" means at any time with respect to the Asset Interest an amount equal to (a) the aggregate of the amounts theretofore paid to Seller for Purchases pursuant to Section 1.01, less (b) the aggregate amount of Collections theretofore received and actually distributed to, and received by, a Purchaser on account of the Capital pursuant to Section 3.01.

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

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Change in Control" means any of the following:

(a) in relation to Parent, the acquisition following the date hereof by any person or group of persons (within the meaning of Section 13 or 14 of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Exchange Act) of issued and outstanding shares of the capital stock of Parent entitled (without regard to the occurrence of any contingency) to vote for the election of members of the board of directors of Parent and having a then present right to exercise 51% or more of the voting power for the election of members of the board of directors of Parent attached to all such outstanding shares of capital stock of Parent, unless

otherwise agreed in writing by the Administrator; or

(b) the creation or imposition of any Lien on any shares of capital stock of Seller; or

(c) the failure by Parent to own all of the issued and outstanding capital stock of Seller and each Originator (other than Parent).

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"Collections" means, with respect to any Receivable, all funds which either (a) are received by Seller, Servicer, an Originator or any other Person from or on behalf of the related Obligor in payment of any amounts owed (including, without limitation, purchase prices, finance charges, interest and all other charges) in respect of such Receivable, or applied to such amounts owed by such Obligor (including, without limitation, insurance payments that Seller, an Originator or Servicer applies in the ordinary course of its business to amounts owed in respect of such Receivable and net proceeds of sale or other disposition of repossessed goods or other collateral or property of the Obligor or any other party directly or indirectly liable for payment of such Receivable and available to be applied thereon), or (b) are deemed to have been received by Seller or any other Person as a Collection pursuant to Section 3.02.

"Commitment" means with respect to any Purchaser, the amount listed opposite such Purchaser's name on the signature page to the Agreement.

"Commitment Fee" means, for each day, the amount equal to the product of (x) the unused Commitment on such day, times (y) the Commitment Fee Rate, times (z) 1/360.

"Commitment Fee Rate" has the meaning set forth in the Fee Letter.

"Commitment Termination Date" means October 21, 2004, as such date may be extended from time to time with the consent of the parties to the Agreement.

"Concentration Limit" for any Obligor at any time means an amount equal to (i) the aggregate Unpaid Balance of all Eligible Receivables at such time times (ii) the applicable percentage as set forth below opposite the appropriate ratings of such Obligor's long-term and short-term unsecured debt, or, in the case of any Obligor listed on Exhibit A hereto, the percentage and amount set forth opposite such Obligor's name on such Exhibit A, until such time as the Administrator notifies the Servicer that any such Obligor listed on Exhibit A is no longer eligible for such special percentage. Any Obligor that has a split rating shall be deemed to be in the lower rating category.

Long-Term Rating		Short-Term Rating		Applicable Percentage
-----		-----		-----
S&P	Moody's	S&P	Moody's	
---	-----	---	-----	
A+ or better	A+ or better	A-1	P-1	12.0%
BBB+ to A	Baa1 to A2	A-2	P-2	9.0%
BBB- to BBB	Baa3 to Baa2	A-3	P-3	6.0%
Lower than BBB-/Baa3 or Not Rated		Lower than BBB-/Baa3 or Not Rated		5.0%

"Consolidated Net Income" means for any period, the consolidated net income (or loss) of the Parent and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Parent or is merged into or consolidated with the Parent or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary of the

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Parent) in which the Parent or any of its Subsidiaries has an ownership

interest, except to the extent that any such income is actually received by the Parent or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Parent to the extent that the declaration or payment of dividends or similar distribution by such Subsidiary is prohibited by the terms of any Contractual Obligation (other than under any Loan Document (as defined in the Credit Agreement)) or Requirement of Law applicable to such Subsidiary.

"Consolidated Net Worth" means at any date, all amounts which would, in accordance with GAAP, be included on a consolidated balance sheet of the Parent and its Subsidiaries under stockholders' equity at such date; provided that (i) any net non-cash adjustments to such amounts after August 28, 2002 resulting from foreign currency transactions, unfunded pension liabilities or unrealized gains or losses in respect of securities shall be included to the extent such adjustments exceed \$2,000,000 as of the end of any fiscal quarter, (ii) any net non-cash adjustments to such amounts after August 22, 2002 resulting from the application of FASB 142 shall not be included in such amounts and (iii) any net non-cash adjustments to such amounts after August 22, 2002 resulting from charges to in-process research and development in connection with a Permitted Business Acquisition (as defined in the Credit Agreement) shall not be included in such amounts.

"Contract" means a contract between an Originator and any Person, or an invoice from an Originator to any Person, or any purchase order from any Person to an Originator pursuant to or under which such Person shall be obligated to make payments for products or services to an Originator. A "related" Contract with respect to the Receivables means a Contract under which Receivables in the Receivables Pool arise, which evidence such Receivables, or which is relevant to the collection or enforcement of such Receivables.

"Contractual Obligation" with respect to any Person, means any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is party or by which it or any of its Property is bound.

"Credit Agreement" means the Amended and Restated Credit Agreement among Parent, as Borrower, the several lenders from time to time party thereto and JP Morgan Chase Bank, as Administrative Agent, dated as of June 30, 2003, as the same may be amended, restated, modified, supplemented or replaced from time to time upon written notice to the Administrator.

"Credit and Collection Policy" means those credit and collection policies and practices relating to Contracts and Receivables described in Schedule 7.01(g), as modified in accordance with Section 7.03(c).

"Cut-Off Date" means the last day of each calendar month.

"Days Sales Outstanding Ratio" means, for any calendar month, (i) the aggregate Outstanding Balance of all Receivables as of the Cut-Off Date for the preceding calendar month, divided by (ii) the aggregate amount of Collections received during such calendar month.

"Deemed Collection" has the meaning set forth in the Purchase Agreement.

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"Default Ratio" means the ratio (expressed as a percentage) computed as of a Cut-Off Date by dividing (x) the Gross Write-off for the month ending on such Cut-Off Date by (y) the aggregate Unpaid Balance of all Receivables as to which any payment, or part thereof, remains unpaid for more than 120, but less than 151, days from the original invoice date for such Receivable as of the Cut-Off Date for the immediately preceding month.

"Defaulted Receivable" means a Receivable: (a) as to which any payment, or part thereof, remains unpaid for more than 120 days from the original invoice date for such Receivable, (b) as to which the Obligor thereof is the subject of an Event of Bankruptcy, or (c) which, consistent with the Credit and Collection Policy, would be written off the Seller's books as uncollectible.

"Delinquency Ratio" means, for any Cut-Off Date, the ratio (expressed as a percentage) computed as of such Cut-Off Date by dividing (x) the aggregate Unpaid Balance of all Receivables that remain unpaid for more than 90, but less than 120 days, from the original invoice date therefor by (y) the aggregate

Unpaid Balance of all Pool Receivables on such Cut-Off Date.

"Dilution" means any credit, adjustment, rebate, refund or setoff with respect to any Receivable granted or allowed by Seller or any Affiliate of Seller.

"Dilution Horizon Factor" means, for any calendar month, a percentage equal to (i) the aggregate Original Balance of all Receivables originated during such calendar month divided by (ii) the Net Pool Balance as of the Cut-Off Date for such month.

"Dilution Ratio" means, for any calendar month, a percentage equal to (i) the aggregate amount of Dilutions which occurred during such month divided by (ii) the aggregate Original Balance of all Receivables generated by the Originators during the immediately preceding calendar month.

"Dilution Reserve Percentage" means as of any date of determination, a percentage calculated in accordance with the following formula:

$$DRP = DHF \times \{ (ASF \times ED) + [(DS - ED) \times (DS/ED)] \}$$

where:

DRP = the Dilution Reserve Percentage;
DHF = the Dilution Horizon Factor at such time;
ASF = Applicable Stress Factor;
ED = the rolling average of the Dilution Ratios occurring during the 12 most recent calendar months; and
DS = the highest three-month average Dilution Ratio occurring during the 12 most recent calendar months.

"Dollars" means dollars in lawful money of the United States of America.

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"Earned Discount" means for any Settlement Period:

$$\frac{C \times ER \times ED + LF}{360}$$

where:

C = the daily average (calculated at the close of business each day) of the Capital during such Settlement Period,
ER = the Earned Discount Rate for such Settlement Period,
ED = the actual number of days elapsed during such Settlement Period, and
LF = the Liquidation Fee, if any, during such Settlement Period.

"Earned Discount Rate" means, for any Settlement Period, the sum of (i) the LIBO Rate for such Settlement Period, plus (ii) 0.25% per annum, provided, however, that on any day during a Settlement Period when any Liquidation Event or Unmatured Liquidation Event shall have occurred and be continuing, the Earned Discount Rate for the Capital shall mean the higher of (i) the Alternate Base Rate in effect on such day plus 2% per annum and (ii) the LIBO Rate for such Settlement Period plus 3.25% per annum, provided, however, that in no event shall the Earned Discount Rate at any time exceed the maximum interest rate permitted by Applicable Law.

"Eligible Receivable" means, at any time, a Receivable:

(a) which is originated by an Originator in the ordinary course of its business for the sale or service of medical devices, equipment and related products;

(b) which constitutes an "account" or a "general intangible" as defined in the UCC;

(c) the Obligor of which is (1) not an Affiliate of Seller, (2) is

not a Governmental Authority (unless the assignment thereof is not subject to the Assignment of Claims Act (41 U.S.C.ss.15) or a similar state assignment of claims act) and (3) is a resident of the United States, Canada or a Permitted Country;

(d) which was purchased or otherwise acquired by Seller pursuant to the Purchase Agreement and which was designated by the related Originator as an "Eligible Receivable" pursuant to the Purchase Agreement;

(e) which is not an Overdue Receivable or a Defaulted Receivable;

(f) with respect to which the warranty of Seller in Section 6.01(k) is true and correct;

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(g) the sale of which, or of an undivided interest in which, does not contravene or conflict with Applicable Law, or require the consent of the Obligor or any other Person;

(h) which is denominated and payable only in Dollars in the United States, provided that not more than 10% of the Net Pool Balance may be denominated in Canadian Dollars;

(i) which arises under a Contract, which contract has been duly authorized by the parties thereto and that, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the Obligor of such Receivable enforceable against such Obligor in accordance with its terms and is not subject to any defense whatsoever (other than discharge in bankruptcy and payment);

(j) which, together with the Contract related thereto, does not contravene in any material respect any Applicable Law and with respect to which no party to the Contract related thereto is in violation of any Applicable Law in any material respect;

(k) which (i) satisfies all material applicable requirements of the Credit and Collection Policy and (ii) complies with such other criteria and requirements (other than those relating to the collectibility of such Receivable) as the Administrator may from time to time specify to Seller in writing in the exercise of reasonable business judgment;

(l) as to which the payment terms have not been altered or extended so as to materially affect the collectibility of such Receivable;

(m) the Unpaid Balance of which, when combined with the Unpaid Balance of all other Eligible Receivables, results in the Eligible Receivables being payable, on average (based on Dollar amount), within 45 days or less from the invoice date therefor;

(n) which are not Receivables owed by an Obligor for which more than 20% of the aggregate Unpaid Balance of Receivables of such Obligor constitute Defaulted Receivables;

(o) which arise from the completion of the sale and delivery of goods and services performed, and which do not represent an invoice in advance of such completion; and

(p) which are not subject to any contingent performance requirements of the Seller or the related Originator unless such requirements are guaranteed or insured by third parties acceptable to the Administrator.

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

"Event of Bankruptcy" shall be deemed to have occurred with respect to a Person if either:

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(a) any case or other proceeding shall be commenced, without the

application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding shall continue undismitted, or unstayed and in effect, for a period of 60 consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect and shall either not be contested or shall remain undismitted for 60 consecutive days; or

(b) such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail to, or admit in writing its inability to, pay its debts generally as they become due, or, if a corporation or similar entity, its board of directors shall vote to implement any of the foregoing.

"Excess Amount" as of any date, means the amount, if any, by which the sum of the Capital plus the Required Reserves on such date exceeds the Net Pool Balance, as most recently calculated.

"Exchange Act" means the Securities and Exchange Act of 1934, as amended.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal (for each day during such period) to

(a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York; or

(b) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by FNB from three federal funds brokers of recognized standing selected by it.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any successor thereto or to the functions thereof.

"Fee Letter" has the meaning set forth in Section 4.01.

"Fees" means the Commitment Fee and the Program Fee.

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"Final Payout Date" means the date following the Termination Date on which the Capital shall have been reduced to zero and all other amounts payable by Seller to Purchasers, the Administrator, the Affected Parties and the Indemnified Parties under the Transaction Documents shall have been paid in full.

"Final Maturity Date" means October 23, 2006.

"Fleet Securities" has the meaning set forth in the preliminary statements to the Agreement.

"Foreign Obligor" means an Obligor that is a resident of (i) a Permitted Country or (ii) a province of Canada that has not enacted legislation similar to the UCC pursuant to which a secured creditor may perfect its interest in accounts and general intangibles by making a central filing.

"Funded Percentage" with respect to any Purchaser as of any date means the ratio (expressed as a percentage) of (i) the portion of the then outstanding Capital funded by such Purchaser divided by (ii) the entire then outstanding

Capital.

"GAAP" means generally accepted accounting principles applicable in the United States for reporting entities domiciled in the United States as in effect from time to time, except that for purposes of Section 7.01(k) of the Agreement, GAAP shall be determined on the basis of such principles in effect on the date of the Agreement and consistent with those used in the preparation of the most recent audited financial statements delivered pursuant to Section 7.02(b) of the Agreement.

"Governmental Action" means all permits, authorizations, registrations, consents, approvals, waivers, exceptions, variances, orders, judgements, decrees, licenses, exemptions, publications, filings, notices to and declaration of or with, or required by, any Governmental Authority, or required by any Applicable Law.

"Governmental Authority" means any foreign or domestic federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality, court or any political subdivision thereof.

"Gross Write-offs" means for any period the aggregate Unpaid Balance of all Receivables that are deemed to be uncollectible in accordance with the Credit and Collection Policy during such period, or that are owed by an Obligor that is the subject of an Event of Bankruptcy, or that should be written off during such period in accordance with GAAP.

"Guarantee Obligation" means as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counter indemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any Property constituting direct or

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indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase Property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by Parent in good faith.

"Indebtedness" means of any person at any date, without duplication, (a) all indebtedness of such person for borrowed money, (b) all obligations of such Person for the deferred purchase price of Property or services (other than current trade payables incurred in the ordinary course of such Person's business, and overdue trade payables incurred in the ordinary course of such Person's business to the extent the amount or validity thereof is currently being contested in good faith by appropriate procedures and reserves in conformity with GAAP with respect thereto have been provided on the books of Parent or its Subsidiaries, as the case may be), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to Property acquired by such person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such Property), (e)

all Capital Lease Obligations of such Person (the amount of which shall be calculated without regard to imputed interest), (f) all obligations of such Person, contingent or otherwise, as an account party under acceptance, letter of credit or similar facilities, (g) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Capital Stock (other than common stock) of such Person, (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above to the extent quantified as liabilities, contingent obligations or like term in accordance with GAAP on the balance sheet (including notes thereto) of such Person, (i) all obligations of the kind referred to in clause (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on Property (including, without limitation, accords and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation (but only to the extent of the fair market value of such Property), (j) for purposes of Section 10.01(d) of the Agreement, all obligations of such Person in respect of Interest Rate Protection Agreements and (k) the liquidation value of any preferred Capital Stock of such Person or its Subsidiaries held by any Person other than such Person and its Wholly Owned Subsidiaries.

"Indemnified Amounts" has the meaning set forth in Section 13.01.

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"Indemnified Party" has the meaning set forth in Section 13.01.

"Independent Director" shall mean an individual who is not, and never was, (1) a member, stockholder, director, officer, employee, Affiliate, customer or supplier of, or an individual that has received any benefit (excluding, however, any compensation received in such individual's capacity as Independent Director) in any form whatever from, or an individual who has provided any service (excluding, however, any service provided by such individual in such individual's capacity as Independent Director) in any form whatever to, the Parent or any of its subsidiaries or Affiliates, or (2) an individual owning beneficially, directly or indirectly, any interest in the Parent, or (3) an individual who is a relative or spouse of an individual described in clause (1) or (2) above.

"Interest Rate Protection Agreement" means any interest rate protection agreement, interest rate futures contract, interest rate option, interest rate cap or other interest rate hedge arrangement to or under which Parent or any of its Subsidiaries is a party or a beneficiary on the date of the Agreement or becomes a party or a beneficiary after the date of the Agreement.

"LIBO Rate" means, for any Settlement Period, the rate per annum as determined on the basis of the offered rates for deposits in U.S. Dollars, for a period of time comparable to such period which appears on the Telerate page 3750 as of 11:00 a.m. London time on the day that is two London Business Days preceding the first day of such period; provided, however, if the rate described above does not appear on the Telerate System on any applicable interest determination date, the LIBO Rate shall be the rate (rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point), determined on the basis of the offered rates for deposits in U.S. dollars for a period of time comparable to such period which are offered by four major banks in the London interbank market at approximately 11:00 a.m. London time, on the day that is two (2) London Business Days preceding the first day of such period as selected by the Administrator. The principal London office of each of the four major London banks will be requested to provide a quotation of its U.S. Dollar deposit offered rate. If at least two such quotations are provided, the rate for that date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that date will be determined on the basis of the rates quoted for loans in U.S. dollars to leading European banks for a period of time comparable to such period offered by major banks in New York City at approximately 11:00 a.m. New York City time, on the day that is two London Business Days preceding the first day of such period. In the event that the Administrator is unable to obtain any such quotation as provided above, it will be deemed that the LIBO Rate cannot be determined, and the Alternate Base Rate shall apply. In the event that the Board of Governors of the Federal Reserve System shall impose a Reserve Percentage with respect to LIBO Rate deposits, then for any period during which such Reserve Percentage shall apply, the LIBO Rate shall be equal to the amount determined above divided by an amount equal to 1 minus the Reserve Percentage, where "Reserve Percentage"

shall mean the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed on member banks of the Federal Reserve System against "Euro-currency Liabilities" as defined in Regulation D.

"Lien" means any mortgage, lien, pledge, encumbrance, charge, title retention or other security interest of any kind, whether arising under a security agreement, mortgage, deed of trust,

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assignment, pledge or financing statement or arising as a matter of law, judicial process or otherwise.

"Liquidation Event" has the meaning set forth in Section 10.01.

"Liquidation Fee" means, for each day in any Settlement Period during the Liquidation Period following the occurrence of a Liquidation Event, the amount, if any, by which:

(a) the additional Earned Discount (calculated without taking into account any Liquidation Fee) which would have accrued on the reductions of the Capital during such Settlement Period (as so computed) if such reductions had not been made, exceeds

(b) the income, if any, received by the related Purchaser from investing the proceeds of such reductions of the Capital.

"Liquidation Period" means the period commencing on the Termination Date and ending on the Final Payout Date.

"Lock-Box" means any post office box to which Collections of Pool Receivables are sent.

"Lock-Box Account" means any bank account to which Collections of Pool Receivables are sent or deposited.

"Lock-Box Agreement" means a letter agreement, in substantially the form of Exhibit 5.01(f), among Seller, Parent and any Lock-Box Bank.

"Lock-Box Bank" means any of the banks holding one or more Lock-Box Accounts for receiving Collections from Pool Receivables.

"London Business Day" means a day of the year on which dealings are carried on in the eurodollar interbank market and banks are open for business in London and are not required or authorized to close in New York City.

"Loss Horizon Factor" means, for any Cut-Off Date, a fraction, the numerator of which equals the aggregate Original Balance of all Receivables originated during the five immediately preceding calendar months, and the denominator of which equals the Net Pool Balance as of such Cut-Off Date.

"Loss Ratio" means, for any calendar month, the highest three calendar month rolling average of the Monthly Loss Ratios occurring during the twelve most recent calendar months.

"Loss Reserve Percentage" means, for any Cut-Off Date, a percentage calculated in accordance with the following formula:

$$\text{LRP} = \text{ASF} \times \text{LHF} \times \text{LR}$$

where:

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LRP = the Loss Reserve Percentage;
ASF = Applicable Stress Factor;
LHF = the Loss Horizon Factor; and
LR = the Loss Ratio.

"Material Adverse Effect" with respect to any event or circumstance, means

a material adverse effect on:

(i) the results of operation, financial condition or assets of Seller or Parent;

(ii) the ability of Servicer, any Originator or Parent to perform its obligations under this Agreement or any other Transaction Document;

(iii) the validity, enforceability or collectibility of this Agreement or any other Transaction Document or the validity, enforceability or collectibility of a material portion of the Receivables; or

(iv) the status, existence, perfection, priority or enforceability of the Administrator's or any Purchaser's interest in the Pool Assets.

"Monthly Loss Ratio" means, for any calendar month, the ratio (expressed as a percentage) equal to (i) the aggregate Outstanding Balance of all Receivables which are more than one hundred twenty (120) and less than one hundred fifty-one (151) days past invoice as of the Cut-Off Date occurring in such calendar month plus, without duplication, all Gross Write-offs occurring during such calendar month with respect to Receivables which are fewer than one hundred twenty-one (121) days past invoice as of the Cut-Off Date occurring in such calendar month divided by (ii) the aggregate Original Balance of all Receivables originated during the calendar month which ended four calendar months prior to such calendar months.

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

"Net Pool Balance" at any time means an amount equal to (i) the aggregate Unpaid Balance of the Eligible Receivables in the Receivables Pool at such time, minus (ii) the aggregate amount by which the aggregate Unpaid Balance of the Eligible Receivables of each Obligor and its Affiliates exceeds the Concentration Limit for such Obligor at such time (the amount equal to clause (i) minus clause (ii) called the "Unadjusted Net Pool Balance"), minus (iii) the aggregate amount by which the aggregate Unpaid Balance of those Eligible Receivables the Obligor of which is a Foreign Obligor exceeds the lesser of (A) 15% of the Unadjusted Net Pool Balance or (B) \$12,000,000.

"Obligor" means a Person obligated to make payments with respect to a Receivable, including any guarantor thereof.

"Original Balance" means, with respect to any Receivable, the Outstanding Balance of such Receivable on the date it was originated.

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"Original Receivables Purchase Agreement" has the meaning set forth in the preamble.

"Originator" means the Parent in its capacity as originator of Receivables, together with the other originators party to the Purchase Agreement.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Overdue Receivable" means a Receivable that remains unpaid for more than 120 days from the original invoice date for such Receivable, or that has been charged off before it has become 121 days past due. "Parent" has the meaning set forth in the preamble.

"Percentage" means, with respect to any Purchaser, the ratio, expressed as a percentage, of (i) such Purchaser's Commitment divided by (ii) the aggregate Commitments of all of the Purchasers.

"Permitted Country" means a country that satisfies all of the following criteria: (i) it has a long-term foreign currency rating of at least A by S&P and A2 by Moody's, (ii) it has a short-term foreign currency rating of at least A-1 by S&P and P-1 by Moody's, (iii) it is listed in Part I or Part II of Exhibit B hereto and (iv) the Administrator has not notified the Servicer that such country shall no longer be a Permitted Country.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company, government or any agency or political subdivision thereof or any other entity.

"Pool Assets" has the meaning set forth in Section 1.04(a).

"Pool Receivable" means a Receivable in the Receivables Pool.

"Program Fee" means, for each day, the amount equal to the product of (x) the Capital on such day, times (y) the Program Fee Rate, times (z) 1/360.

"Program Fee Rate" has the meaning set forth in the Fee Letter.

"Program Information" has the meaning set forth in Section 14.06.

"Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed, and whether tangible or intangible, including, without limitation, Capital Stock.

"Purchase" has the meaning set forth in Section 1.01.

"Purchase Agreement" means the Purchase and Sale Agreement, dated as of November 1, 2001, among Seller and the Originators, as amended, restated, supplemented or otherwise modified from time to time.

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"Purchase Limit" has the meaning set forth in Section 1.01.

"Purchase Termination Date" means that day

(a) the Administrator declares a Purchase Termination Date in a notice to Seller in accordance with Section 10.02(a); or

(b) in accordance with Section 10.02(b), becomes the Purchase Termination Date automatically.

"Purchaser" has the meaning set forth in the preamble.

"Purchasers' Share" of any amount means the then Asset Interest, expressed as a percentage (but not greater than 100%), times such amount.

"Receivable" means any right to payment from a Person, whether constituting an account, chattel paper, instrument or general intangible, arising under a Contract and includes the right to payment of any interest or finance charges and other obligations of such Person with respect thereto. Indebtedness and other obligations arising from any one transaction, including, without limitation, indebtedness and other obligations represented by an individual invoice or agreement, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other obligations arising from any other transaction.

"Receivables Pool" means at any time all then outstanding Receivables, other than Reconveyed Receivables.

"Reconveyed Receivable" means a Receivable for which an Originator has paid the full Unpaid Balance pursuant to the Purchase Agreement.

"Reference Bank" means Fleet National Bank, a national banking association.

"Regulation D" means Regulation D of the Federal Reserve Board, or any other regulation of the Federal Reserve Board that prescribes reserve requirements applicable to nonpersonal time deposits or "Eurocurrency Liabilities" as presently defined in Regulation D, as in effect from time to time.

"Regulatory Change" means, relative to any Affected Party

(a) any change in (or the adoption, implementation, change in phase-in or commencement of effectiveness of) any

(i) United States federal or state law or foreign law applicable to such Affected Party;

(ii) regulation, interpretation, directive, requirement or request (whether or not having the force of law) applicable to such Affected Party of (A) any court, government authority charged with the interpretation or administration

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of any law referred to in clause (a) (i) or of (B) any fiscal, monetary or other authority having jurisdiction over such Affected Party; or

(iii) GAAP or regulatory accounting principles applicable to such Affected Party and affecting the application to such Affected Party of any law, regulation, interpretation, directive, requirement or request referred to in clause (a) (i) or (a) (ii) above; or

(b) any change in the application to such Affected Party of any existing law, regulation, interpretation, directive, requirement, request or accounting principles referred to in clause (a) (i), (a) (ii) or (a) (iii) above.

"Reinvestment" has the meaning set forth in Section 1.03.

"Related Security" means, with respect to any Pool Receivable: (a) all of Seller's or the related Originator's right, title and interest in and to all Contracts that relate to such Pool Receivable; (b) all security interests or liens and property subject thereto from time to time purporting to secure payment of such Pool Receivable, whether pursuant to the Contract related to such Pool Receivable or otherwise; (c) all UCC financing statements covering any collateral securing payment of such Pool Receivable; (d) all guarantees and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Pool Receivable whether pursuant to the Contract related to such Pool Receivable or otherwise; and (e) all of Seller's and the related Originator's interest in the merchandise (including returned merchandise), if any, relating to the sale that gave rise to such Pool Receivable.

"Reporting Date" has the meaning set forth in Section 3.01(a).

"Required Reserve Percentage" means, on any day, a percentage equal to the greater of (i) 25% and (ii) the sum of (1) the most recently calculated Dilution Reserve Percentage plus (2) the most recently calculated Loss Reserve Percentage plus (3) the most recently calculated Yield Reserve Percentage.

"Required Reserves" means, on any day, an amount equal to the product of (i) the Required Reserve Percentage multiplied by (ii) the Net Pool Balance as of the close of business of the Servicer on such date.

"Requirement of Law" means as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such person or any of its Property or to which such Person or any of its Property is subject.

"Restatement Date" means October 23, 2003.

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

"Sales" means sales of the Originators which generate trade receivables.

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"Sales-Based Dilution Ratio" as of any Cut-Off Date means (a) the aggregate reduction attributable to Dilutions occurring in the Unpaid Balance of Pool Receivables which Dilutions were granted during the month ending on such Cut-Off Date; divided by (b) the aggregate amount of Sales for the month

immediately preceding the month ending as of such Cut-Off Date.

"Secured Parties" means Purchasers, the Administrator, the Indemnified Parties and the Affected Parties.

"Selected Country" means a country listed on Part II of Exhibit B hereto.

"Seller" has the meaning set forth in the preamble.

"Seller's Share" of any amount means (x) 100% minus the Asset Interest (but such Asset Interest shall not be greater than 100%) times (y) such amount.

"Servicer" has the meaning set forth in Section 8.01(a).

"Servicer Report" has the meaning set forth in Section 3.01.

"Servicer Transfer Event" has the meaning set forth in Section 8.01(b).

"Servicer's Fee" means, for each day, an amount equal to (x) the Servicer's Fee Rate, times (y) the aggregate Unpaid Balance of all Pool Receivables at the close of business on such day, times (z) 1/360.

"Servicer's Fee Rate" means 0.50% per annum or, in the event that Parent is no longer the Servicer, such higher rate as may be charged by the successor Servicer.

"Settlement Date" has the meaning set forth in Section 3.01(c).

"Settlement Period" means the period (i) in the case of the first Settlement Period, from, and including, the date of the initial Purchase to, but excluding the next Settlement Date and (ii) thereafter, from, and including, each Settlement Date to, but excluding, the next Settlement Date.

"Subsidiary" means a corporation of which Parent and/or its other Subsidiaries own, directly or indirectly, such number of outstanding shares as have more than 50% of the ordinary voting power for the election of directors.

"Successor Notice" has the meaning set forth in Section 8.01(b).

"Tangible Net Worth" at any date means a sum equal to: (i) the net book value (after deducting related depreciation, obsolescence, amortization, valuation, and other proper reserves) at which the tangible assets (which for purposes of this definition shall include Receivables owned by such Person) of a Person would be shown on a balance sheet at such date in accordance with GAAP minus (ii) the amount at which such Person's liabilities (other than capital stock and surplus) would be shown on such balance sheet in accordance with GAAP, and including as liabilities all reserves for contingencies and other potential liabilities.

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"Termination Date" means the earliest of

(a) the Commitment Termination Date;

(b) the Purchase Termination Date;

(c) the Final Maturity Date; and

(d) the date on which Seller terminates Purchasers' right to make Purchases and Reinvestments pursuant to Section 1.05.

"Transaction Documents" means this Agreement, the Lock-Box Agreements, the Purchase Agreement, the Fee Letter and the Initial Purchaser Notes.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

"Unmatured Liquidation Event" means any event which, with the giving of notice or lapse of time, or both, would become a Liquidation Event.

"Unpaid Balance" of any Receivable means at any time the unpaid principal amount thereof; provided that, if such Receivable is denominated in Canadian

Dollars, the unpaid principal amount thereof shall be converted to Dollars using the applicable conversion rate published on such day in The Wall Street Journal as the conversion rate; provided, further that if such Receivable is owed by an Obligor that is a resident of a Selected Country, the Unpaid Balance of such Receivable shall mean 50% of the unpaid principal amount thereof.

"Wholly Owned Subsidiary" mean, as to any Person, any other Person all of the Capital Stock of which (other than (i) a nominal number of shares held by foreign nationals to the extent required by local law or (ii) directors' qualifying shares required by law) is owned by such person directly and/or through other Wholly Owned Subsidiaries.

"Yield Reserve Percentage" means, for any Cut-Off Date, an amount calculated in accordance with the following formula:

$$\text{YRP} = \frac{[(\text{ED} + \text{PFR}) \times \text{DSO} \times \text{ASF}]}{12}$$

where:

YRP = the Yield Reserve Percentage
ED = the Earned Discount Rate;
PFR = Program Fee Rate;
DSO = Days Sales Outstanding Ratio; and
ASF = Applicable Stress Factor.

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B. Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

C. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

D. Interpretation. In each Transaction Document, unless a clear contrary intention appears:

(i) the singular number includes the plural number and vice versa;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by the Transaction Documents, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(iii) reference to any gender includes each other gender;

(iv) reference to any agreement (including any Transaction Document), document or instrument means such agreement, document or instrument as amended, supplemented or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of the other Transaction Documents and reference to any promissory note includes any promissory note which is an extension or renewal thereof or a substitute or replacement therefor; and

(v) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision.

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Exhibit A

Obligor	Applicable Percentage
At any time Owens & Minor's long-term unsecured debt is rated at least BB+ by S&P	9.0%, or such lesser percentage, not less than 6.0% that results in not more than \$7,000,000 in Receivables of Owens & Minor being Eligible Receivables
At any time Owens & Minor's long-term unsecured debt is rated less than BB+ by S&P	6.0%

Exhibit B

Permitted Countries

PART I:

England
France
Germany
Japan

PART II:

Australia	Ireland	Sweden
Austria	Italy	Switzerland
Belgium	Luxembourg	Taiwan
Bermuda	The Netherlands	
Denmark	New Zealand	
Finland	Norway	
Greece	Portugal	
Hong Kong	Singapore	
Iceland	Spain	

AMENDMENT NO. 1
TO
PURCHASE AND SALE AGREEMENT

THIS AMENDMENT NO. 1 TO PURCHASE AND SALE AGREEMENT (this "Amendment") dated as of October 23, 2003, is entered into among CONMED CORPORATION ("ConMed"), as an originator and as initial Servicer ("Servicer"), LINVATEC CORPORATION ("Linvatec"), LINVATEC CANADA ULC ("Linvatec Canada"), together with CONMED and the other Persons who may become party hereto as originators (each individually "Originator" and collectively the "Originators"), and CONMED RECEIVABLES CORPORATION, as initial purchaser (the "Initial Purchaser"). Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Purchase and Sale Agreement, referred to below.

PRELIMINARY STATEMENTS

A. Reference is made to that certain Purchase and Sale Agreement dated as of November 1, 2001 among Originators, Servicer and the Initial Purchaser (as amended, restated, supplemented or modified from time to time, the "Purchase and Sale Agreement").

B. The parties hereto have agreed to amend certain provisions of the Purchase and Sale Agreement upon the terms and conditions set forth herein.

SECTION 1. Amendment. The parties hereto hereby agree to amend the Purchase and Sale Agreement as follows:

(i) to delete the definition of Receivables Purchase Agreement set forth in the first paragraph of the definitions and substitute the following therefor:

Amended and Restated Receivables Purchase Agreement, dated as of even date herewith, among the Initial Purchaser, as Seller, ConMed, as the initial Servicer, and Fleet National Bank, as Purchaser and as Administrator (as the same may be amended, modified or supplemented from time to time, the "Receivables Purchase Agreement");

; and

(ii) to delete the legend set forth in clause (i) of Section 4.1 and substitute the following therefor:

THE RECEIVABLES DESCRIBED HEREIN HAVE BEEN SOLD TO CONMED RECEIVABLES CORPORATION PURSUANT TO A PURCHASE AND SALE AGREEMENT, DATED AS OF NOVEMBER 1, 2001, AS AMENDED FROM TIME TO TIME,

BETWEEN CONMED CORPORATION, CERTAIN SUBSIDIARIES OF CONMED CORPORATION AND CONMED RECEIVABLES CORPORATION; AND AN OWNERSHIP AND SECURITY INTEREST IN THE RECEIVABLES DESCRIBED HEREIN HAS BEEN GRANTED AND ASSIGNED TO FLEET NATIONAL BANK, AS ADMINISTRATOR, PURSUANT TO AN AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT, DATED AS OF OCTOBER 23, 2003, AMONG CONMED RECEIVABLES CORPORATION, CONMED CORPORATION, AND FLEET NATIONAL BANK, AS PURCHASER AND AS THE ADMINISTRATOR;

SECTION 2. Representations and Warranties. Each of the parties hereto hereby represents and warrants to each other, as to itself that:

(a) this Amendment constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law; and

(b) on the date hereof, before and after giving effect to this

Amendment, no Liquidation Event has occurred and is continuing.

SECTION 3. Reference to and Effect on the Transaction Documents.

(a) Upon the effectiveness of this Amendment, (i) each reference in the Purchase and Sale Agreement to "this Purchase and Sale Agreement", "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Purchase and Sale Agreement as amended or otherwise modified hereby, and (ii) each reference to the Purchase and Sale Agreement in any other Transaction Document or any other document, instrument or agreement executed and/or delivered in connection therewith, shall mean and be a reference to the Purchase and Sale Agreement as amended or otherwise modified hereby.

(b) Except as specifically amended, terminated or otherwise modified above, the terms and conditions of the Purchase and Sale Agreement, of all other Transaction Documents and any other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Originators, Servicer or the Initial Purchaser under the Purchase and Sale Agreement or any other Transaction Document or any other document, instrument or agreement executed in connection

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therewith, nor constitute a waiver of any provision contained therein, in each case except as specifically set forth herein.

SECTION 4. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 5. GOVERNING LAW.

THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

[Remainder of Page Deliberately Left Blank]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers as of the date first above written.

CONMED CORPORATION, as an Originator and as initial Servicer

By: _____
Name:
Title:

LINVATEC CORPORATION, as an Originator

By: _____
Name:
Title:

LINVATEC CANADA ULC, as an Originator

By: _____
Name:
Title:

CONMED RECEIVABLES CORPORATION, as
Initial Purchaser

By: _____
Name:
Title:

Signature Page to Amendment No. 1

FLEET NATIONAL BANK, as Administrator

By: _____
Name:
Title:

CERTIFICATION

I, Eugene R. Corasanti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CONMED Corporation;
2. Based on my knowledge, this quarterly 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 function):
 - 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.

November 10, 2003

/s/ Eugene R. Corasanti

Eugene R. Corasanti
Chairman and Chief Executive Officer

CERTIFICATION

I, Robert D. Shallish, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CONMED Corporation;
2. Based on my knowledge, this quarterly 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 function):
 - 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.

November 10, 2003

/s/ Robert D. Shallish Jr.

Robert D. Shallish, Jr.
Vice President - Finance and
Chief Financial Officer

Section 1350 Certifications

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18,
United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of CONMED Corporation, a New York corporation (the "Corporation"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (the "Form 10-Q") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: November 10, 2003

/s/ Eugene R. Corasanti

Eugene R. Corasanti
Chairman and Chief Executive Officer

Date: November 10, 2003

/s/ Robert D. Shallish, Jr.

Robert D. Shallish, Jr.
Vice President-Finance and Chief
Financial Officer

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and section 906 of the Sarbanes-Oxley Act of 2002 (subsection (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-Q.