

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, 2001

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 13502
(Address of principal executive offices) (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 [X] No []

The number of shares outstanding of registrant's common stock, as of October 16, 2001 is 25,215,378 shares.

CONMED CORPORATION

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FORM 10-Q

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Item 1.

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

	Three Months Ended September		Nine Months Ended September	
	2000	2001	2000	2001
	----	----	----	----
Net sales	\$ 92,838	\$105,318	\$293,527	\$315,398
	-----	-----	-----	-----
Cost of sales	44,136	51,332	140,124	150,971
Selling and administrative	31,495	35,029	95,504	103,780
Research and development	4,109	3,491	11,087	10,663
	-----	-----	-----	-----
	79,740	89,852	246,715	265,414
	-----	-----	-----	-----
Income from operations	13,098	15,466	46,812	49,984
Interest expense, net	8,834	7,630	25,477	23,809
	-----	-----	-----	-----
Income before income taxes	4,264	7,836	21,335	26,175
Provision for income taxes	1,535	2,821	7,681	9,423
	-----	-----	-----	-----
Net income	\$ 2,729	\$ 5,015	\$ 13,654	\$ 16,752
	=====	=====	=====	=====

Per share data:

Net income				
Basic	\$.12	\$.20	\$.59	\$.71
Diluted	.12	.20	.59	.70
Weighted average common shares				
Basic	22,986	24,806	22,961	23,657
Diluted	23,132	25,381	23,246	23,990

See notes to consolidated condensed financial statements.

CONMED CORPORATION
 CONSOLIDATED CONDENSED BALANCE SHEETS
 (in thousands except share amounts)

	December 2000	(unaudited) September 2001
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,470	\$ 2,015
Accounts receivable, net	78,626	85,719
Inventories	104,612	107,337
Deferred income taxes	1,761	1,761
Prepaid expenses and other current assets	3,562	3,806
	-----	-----
Total current assets	192,031	200,638
	-----	-----
Property, plant and equipment, net	62,450	91,898
Goodwill, net	225,801	251,574
Other intangible assets, net	195,008	190,058
Other assets	4,281	5,173
	-----	-----
Total assets	\$ 679,571	\$ 739,341
	=====	=====
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 36,068	\$ 39,581
Accounts payable	20,350	20,314
Accrued compensation	9,913	9,893
Income taxes payable	1,979	1,378
Accrued interest	5,130	2,541
Other current liabilities	4,836	5,398
	-----	-----
Total current liabilities	78,276	79,105
	-----	-----
Long-term debt	342,680	348,826
Deferred income taxes	12,154	19,318
Other long-term liabilities	15,858	16,285
	-----	-----
Total liabilities	448,968	463,534
	-----	-----
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; 23,028,279 and 25,212,338 shares issued and outstanding in 2000 and 2001, respectively	230	252
Paid-in capital	127,985	159,415
Retained earnings	103,834	120,586
Accumulated other comprehensive loss	(1,027)	(4,027)
Less 37,500 shares of common stock in treasury, at cost	(419)	(419)
	-----	-----
Total shareholders' equity	230,603	275,807
	-----	-----
Total liabilities and shareholders' equity	\$ 679,571	\$ 739,341
	=====	=====

See notes to consolidated condensed financial statements.

CONMED CORPORATION
 CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
 Nine Months Ended September 2000 and 2001
 (in thousands)
 (unaudited)

	2000	2001
Cash flows from operating activities:		
Net income	\$ 13,654	\$ 16,752
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	7,006	6,648
Amortization	14,813	16,381
Increase (decrease) in cash flows from changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	986	(7,052)
Inventories	(18,373)	(3,174)
Prepaid expenses and other current assets	(571)	(283)
Accounts payable	5,974	(80)
Income taxes payable	(4,339)	(601)
Accrued compensation	(3,014)	(20)
Accrued interest	(1,934)	(2,614)
Other assets/liabilities, net	2,848	(2,385)
	3,396	6,820
Net cash provided by operating activities	17,050	23,572
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(11,869)	(12,704)
Net cash used by investing activities	(11,869)	(12,704)
Cash flows from financing activities:		
Borrowings under revolving credit facility	19,000	14,000
Proceeds from issuance of common stock	448	1,591
Payments on long-term debt	(24,690)	(27,034)
Net cash used by financing activities	(5,242)	(11,443)
Effect of exchange rate changes on cash and cash equivalents	(378)	(880)
Net decrease in cash and cash equivalents	(439)	(1,455)
Cash and cash equivalents at beginning of period	3,747	3,470
Cash and cash equivalents at end of period	\$ 3,308	\$ 2,015

Supplemental non-cash investing and financing activities:

As more fully described in Note 6, we acquired a business in the third quarter of 2001 through the exchange of 1,950,000 shares of our common stock.

As more fully described in Note 6, we acquired certain property in the third quarter of 2001 through the assumption of approximately \$22.8 million of debt

and accrued interest.

See notes to consolidated condensed financial statements.

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CONMED CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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 and implants for arthroscopic sports medicine, and powered surgical instruments, for orthopaedic, ENT, neuro-surgery and other surgical specialties. We are also a leading developer, manufacturer and supplier of advanced medical devices, including RF electrosurgery systems used in all types of surgery, ECG electrodes for heart monitoring, and minimally invasive surgical devices. 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.

Note 2 - Interim financial information

The statements for the three and nine months ended September 2000 and 2001 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 consolidated condensed financial statements for the year ending December 2001 are subject to adjustment at the end of the year when they will be audited by independent accountants. The results of operations for the three and nine months ended September 2001 are not necessarily indicative of the results of operations to be expected for any other quarter nor for the year ending December 2001. The consolidated condensed financial statements and notes thereto should be read in conjunction with the financial statements and notes for the year ended December 2000 included in our Annual Report to the Securities and Exchange Commission on Form 10-K. Certain prior year amounts have been reclassified to conform with the presentation used in 2001.

Note 3 - Other comprehensive income (loss)

Comprehensive income (loss) consists of the following:

	Three months ended September		Nine months ended September	
	2000	2001	2000	2001
	----	----	----	----
Net income	\$ 2,729	\$ 5,015	\$ 13,654	\$ 16,752
	-----	-----	-----	-----
Other comprehensive income:				
Foreign currency				
translation adjustment	(135)	35	(397)	(857)
Cash flow hedging				
(net of income taxes) .	--	(707)	--	(2,143)
	-----	-----	-----	-----
Comprehensive income	\$ 2,594	\$ 4,343	\$ 13,257	\$ 13,752
	=====	=====	=====	=====

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

	Cumulative Translation Adjustments -----	Cash Flow Hedges -----	Accumulated Other Comprehensive Income (loss) -----
Balance, December 2000	\$ (1,027)	\$ --	\$ (1,027)
	-----	-----	-----
Foreign currency translation adjustments	(857)	--	(857)
Cash flow hedging (net of income taxes)	--	(2,143)	(2,143)
	-----	-----	-----
Balance, September 2001	\$ (1,884)	\$ (2,143)	\$ (4,027)
	=====	=====	=====

Note 4 - Inventories

The components of inventory are as follows (in thousands):

	December 2000 -----	September 2001 -----
Raw materials	\$ 38,278	\$ 39,945
Work-in-process	12,612	11,288
Finished goods	53,722	56,104
	-----	-----
Total	\$ 104,612	\$ 107,337
	=====	=====

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 (ie., 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 -----		Nine months ended September -----	
	2000 ----	2001 ----	2000 ----	2001 ----
Shares used in the calculation of Basic EPS (weighted average shares outstanding)	22,986	24,806	22,961	23,657
	-----	-----	-----	-----
Effect of dilutive potential securities	146	575	285	333
	-----	-----	-----	-----
Shares used in the calculation of Diluted EPS	23,132	25,381	23,246	23,990
	=====	=====	=====	=====

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 3,617,000 and

1,988,000 for the three months ended September 2000 and 2001, respectively, and 3,241,000 and 3,027,000 for the nine months ended September 2000 and 2001, respectively.

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Note 6 - Business acquisitions

On November 20, 2000 we acquired certain assets of the disposable minimally invasive surgical business of Imagyn Medical Technologies, Inc. (the "Imagyn acquisition") for a purchase price of \$6,000,000. The acquisition was funded through borrowings under our revolving credit facility. Annual sales of the acquired product lines are approximately \$5.0 million. The results of operations of the acquired business are included in our consolidated results from the date of acquisition.

On June 11, 2001, we reached a definitive agreement to acquire the remaining assets of the minimally invasive surgical business of Imagyn Medical Technologies, Inc. that we did not acquire in November 2000 (the "second Imagyn acquisition"). The results of operations of the acquired business are included in our consolidated results from July 6, 2001, the date of acquisition. The new products, with expected annual revenues of \$18.0 to \$20.0 million, give us a significant presence in the laparoscopic instrument market. Under the terms of the acquisition agreement, we issued Imagyn 1,950,000 shares of CONMED common stock, valuing the transaction at \$29.9 million based on the average market price of our common stock over the 2-day period before and after the terms of the acquisition were agreed to and announced. The issued stock is subject to certain sales restrictions. As discussed in Note 7, during the third quarter of 2001, we incurred certain nonrecurring costs in connection with the second Imagyn acquisition.

On August 3, 2001, we purchased the real estate partnerships which own the Largo, Florida property leased by our Linvatec subsidiary for an aggregate purchase price of \$22,782,000 (the "Largo acquisition"). In connection with the acquisition, we assumed the existing debt on the property and financed the remainder with the seller. The assumed debt on the property consists of a note bearing interest at 7.50% per annum with semiannual payments of principal and interest through June 2009 (the "Class A note"); and a note bearing interest at 8.25% per annum compounded semiannually through June 2009, after which semiannual payments of principal and interest will commence, continuing through June 2019 (the "Class C note"). The seller-financed note bears interest at 6.50% per annum with monthly payments of principal and interest through July 2013 (the "Seller note"). The principal balances assumed on the Class A note, Class C note and Seller note aggregate \$12,185,000, \$6,254,000 and \$4,228,000, respectively, at the date of acquisition.

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Note 7 - Nonrecurring charges

During the quarter ended June 2000, we announced we would replace our arthroscopy direct sales force with non-stocking, exclusive sales agent groups in certain geographic regions of the United States. As a result, we incurred a severance charge of \$1,509,000, before income taxes, or \$.04 per diluted share, in the second quarter of 2000. This nonrecurring charge is included in selling and administrative expense.

During the quarter ended September 2001, we incurred various nonrecurring charges in connection with the second Imagyn acquisition. These costs were primarily related to the transition in manufacturing of the Imagyn product lines from Imagyn's Richland, Michigan facility to our manufacturing plants in Utica, New York. Such costs totaled \$886,000, before income taxes, or \$.02 per diluted share in the third quarter of 2001 and are included in cost of sales. We expect an additional \$500,000 of such costs in the fourth quarter of 2001.

Note 8 - Common stock dividend

On August 8, 2001, our Board of Directors declared a three-for-two split of our common stock to be effected in the form of a common stock dividend. This

dividend was payable on September 7, 2001 to shareholders of record on August 21, 2001. Accordingly, common stock, the number of shares outstanding, earnings per share, and the number of shares used in the calculation of earnings per share have all been restated to retroactively reflect the split.

Note 9 - Subsequent events

On November 1, 2001, we established a five-year accounts receivable securitization facility pursuant to which we and certain of our subsidiaries sell on an ongoing basis certain accounts receivable to CONMED Receivables Corporation ("CRC"), 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. Sale of these receivables will be reflected in the balance sheet as a reduction in accounts receivable. Creditors of CRC have a claim to its assets before any equity becomes available to us. We used the initial \$40.0 million in proceeds from the facility to repay a portion of our loans under our bank credit facility.

Note 10 - New accounting pronouncements

In June 2001, the Financial Accounting Standards Board approved Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141") and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142") which are effective for us July 1, 2001 and January 1, 2002, respectively. SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Under SFAS 142, amortization of goodwill and certain intangibles, including goodwill and certain intangibles recorded in past business combinations, will discontinue upon adoption of this standard. In addition, goodwill and certain intangibles recorded as a result of business combinations completed during the six-month period ending December 31, 2001 will not be amortized. All goodwill and intangible assets will be tested for impairment in accordance with the provisions of the Statement. We are currently reviewing the provisions of SFAS 141

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and SFAS 142 and assessing the impact of adoption.

Note 11 - Guarantor financial statements

Our credit facility and subordinated notes (the "Notes") are guaranteed (the "Subsidiary Guarantees") by each of our subsidiaries except CRC (the "Subsidiary Guarantors"). The Subsidiary Guarantees provide that each Subsidiary Guarantor will fully and unconditionally guarantee our obligations under the credit facility and the Notes on a joint and several basis. Each Subsidiary Guarantor is wholly-owned by CONMED Corporation. The following supplemental financial information sets forth on a condensed consolidating basis, consolidating balance sheet, statement of income and statement of cash flows for the Parent Company Only, Subsidiary Guarantors and for the Company as of December 2000 and September 2001 and for the three and nine months ended September 2000 and 2001.

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CONMED CORPORATION
CONSOLIDATING CONDENSED BALANCE SHEET
December 2000
(in thousands)

	Parent Company Only ----	Subsidiary Guarantors -----	Eliminations -----	Company Total -----
ASSETS				
Current assets:				
Cash and cash equivalents	\$ --	\$ 3,470	\$ --	\$ 3,470
Accounts receivable, net	35,218	43,408	--	78,626

Inventories	20,174	84,438	--	104,612
Deferred income taxes	1,761	--	--	1,761
Prepaid expenses and other current assets	598	2,964	--	3,562
	-----	-----	-----	-----
Total current assets	57,751	134,280	--	192,031
	-----	-----	-----	-----
Property, plant and equipment, net	38,275	24,175	--	62,450
Goodwill, net	61,651	164,150	--	225,801
Other intangible assets, net	7,498	187,510	--	195,008
Other assets	473,408	5,217	(474,344)	4,281
	-----	-----	-----	-----
Total assets	\$ 638,583	\$ 515,332	\$ (474,344)	\$ 679,571
	=====	=====	=====	=====
 LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	\$ 36,068	\$ --	\$ --	\$ 36,068
Accounts payable	4,398	15,952	--	20,350
Accrued compensation	2,147	7,766	--	9,913
Income taxes payable	1,338	641	--	1,979
Accrued interest	5,130	--	--	5,130
Other current liabilities	1,890	2,946	--	4,836
	-----	-----	-----	-----
Total current liabilities ...	50,971	27,305	--	78,276
	-----	-----	-----	-----
Long-term debt	342,680	--	--	342,680
Deferred income taxes	12,154	--	--	12,154
Other long-term liabilities	2,175	349,295	(335,612)	15,858
	-----	-----	-----	-----
Total liabilities	407,980	376,600	(335,612)	448,968
	-----	-----	-----	-----
 Shareholders' equity:				
Preferred stock	--	--	--	--
Common stock	230	1	(1)	230
Paid-in capital	127,985	--	--	127,985
Retained earnings	103,834	139,758	(139,758)	103,834
Accumulated other comprehensive loss	(1,027)	(1,027)	1,027	(1,027)
Less common stock in treasury, at cost	(419)	--	--	(419)
	-----	-----	-----	-----
Total shareholders' equity	230,603	138,732	(138,732)	230,603
	-----	-----	-----	-----
Total liabilities and shareholders' equity	\$ 638,583	\$ 515,332	\$ (474,344)	\$ 679,571
	=====	=====	=====	=====

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CONMED CORPORATION
CONSOLIDATING CONDENSED BALANCE SHEET
September 2001
(in thousands)
(unaudited)

	Parent Company Only ----	Subsidiary Guarantors -----	Eliminations -----	Company Total -----
ASSETS				
Current assets:				
Cash and cash equivalents	\$ --	\$ 2,015	\$ --	\$ 2,015
Accounts receivable, net	37,252	48,467	--	85,719
Inventories	22,747	84,590	--	107,337
Deferred income taxes	1,761	--	--	1,761
Prepaid expenses and other current assets	920	2,886	--	3,806
	-----	-----	-----	-----
Total current assets	62,680	137,958	--	200,638

Property, plant and equipment, net	45,927	45,971	--	91,898
Goodwill, net	86,760	164,814	--	251,574
Other intangible assets, net	7,727	182,331	--	190,058
Other assets	478,923	40,736	(514,486)	5,173
Total assets	\$ 682,017	\$ 571,810	\$ (514,486)	\$ 739,341
	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	\$ 38,463	\$ 1,118	\$ --	\$ 39,581
Accounts payable	4,478	15,836	--	20,314
Accrued compensation	3,443	6,450	--	9,893
Income taxes payable	1,243	135	--	1,378
Accrued interest	2,274	267	--	2,541
Other current liabilities	2,653	2,745	--	5,398
Total current liabilities ...	52,554	26,551	--	79,105
	-----	-----	-----	-----
Long-term debt	327,284	21,542	--	348,826
Deferred income taxes	19,318	--	--	19,318
Other long-term liabilities	7,054	372,832	(363,601)	16,285
Total liabilities	406,210	420,925	(363,601)	463,534
	-----	-----	-----	-----
Shareholders' equity:				
Preferred stock	--	--	--	--
Common stock	252	1	(1)	252
Paid-in capital	159,415	--	--	159,415
Retained earnings	120,586	152,768	(152,768)	120,586
Accumulated other comprehensive loss	(4,027)	(1,884)	1,884	(4,027)
Less common stock in treasury, at cost	(419)	--	--	(419)
Total shareholders' equity	275,807	150,885	(150,885)	275,807
	-----	-----	-----	-----
Total liabilities and shareholders' equity	\$ 682,017	\$ 571,810	\$ (514,486)	\$ 739,341
	=====	=====	=====	=====

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CONMED CORPORATION
CONSOLIDATING CONDENSED STATEMENT OF INCOME
Three Months Ended September 2000
(in thousands)
(unaudited)

	Parent Company Only ----	Subsidiary Guarantors -----	Eliminations -----	Company Total -----
Net sales	\$ 17,577	\$ 75,261	\$ --	\$ 92,838
	-----	-----	-----	-----
Cost of sales	9,961	34,175	--	44,136
Selling and administrative expense .	5,577	25,918	--	31,495
Research and development expense ...	508	3,601	--	4,109
	-----	-----	-----	-----
	16,046	63,694	--	79,740
	-----	-----	-----	-----
Income from operations	1,531	11,567	--	13,098

Interest expense, net	--	8,834	--	8,834
	-----	-----	-----	-----
Income before income taxes	1,531	2,733	--	4,264
Provision for income taxes	551	984	--	1,535
	-----	-----	-----	-----
Income before equity in earnings of unconsolidated subsidiaries ...	980	1,749	--	2,729
Equity in earnings of unconsolidated subsidiaries	1,749	--	(1,749)	--
	-----	-----	-----	-----
Net income	\$ 2,729	\$ 1,749	\$ (1,749)	\$ 2,729
	=====	=====	=====	=====

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CONMED CORPORATION
CONSOLIDATING CONDENSED STATEMENT OF INCOME
Three Months Ended September 2001
(in thousands)
(unaudited)

	Parent Company Only	Subsidiary Guarantors	Eliminations	Company Total
	----	-----	-----	----
Net sales	\$ 24,715	\$ 80,603	\$ --	\$105,318
	-----	-----	-----	-----
Cost of sales	14,342	36,990	--	51,332
Selling and administrative expense .	7,970	27,059	--	35,029
Research and development expense ...	332	3,159	--	3,491
	-----	-----	-----	-----
	22,644	67,208	--	89,852
	-----	-----	-----	-----
Income from operations	2,071	13,395	--	15,466
Interest expense, net	--	7,630	--	7,630
	-----	-----	-----	-----
Income before income taxes	2,071	5,765	--	7,836
Provision for income taxes	746	2,075	--	2,821
	-----	-----	-----	-----
Income before equity in earnings of unconsolidated subsidiaries ...	1,325	3,690	--	5,015
Equity in earnings of unconsolidated subsidiaries	3,690	--	(3,690)	--
	-----	-----	-----	-----
Net income	\$ 5,015	\$ 3,690	\$ (3,690)	\$ 5,015
	=====	=====	=====	=====

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CONMED CORPORATION
CONSOLIDATING CONDENSED STATEMENT OF INCOME
Nine Months Ended September 2000

(in thousands)
(unaudited)

	Parent Company Only ----	Subsidiary Guarantors -----	Eliminations -----	Company Total -----
Net sales	\$ 57,124 -----	\$ 236,403 -----	\$ -- -----	\$ 293,527 -----
Cost of sales	31,933	108,191	--	140,124
Selling and administrative expense .	16,234	79,270	--	95,504
Research and development expense ...	1,465 -----	9,622 -----	-- -----	11,087 -----
	49,632 -----	197,083 -----	-- -----	246,715 -----
Income from operations	7,492	39,320	--	46,812
Interest expense, net	-- -----	25,477 -----	-- -----	25,477 -----
Income before income taxes	7,492	13,843	--	21,335
Provision for income taxes	2,697 -----	4,984 -----	-- -----	7,681 -----
Income before equity in earnings of unconsolidated subsidiaries ...	4,795	8,859	--	13,654
Equity in earnings of unconsolidated subsidiaries	8,859 -----	-- -----	(8,859) -----	-- -----
Net income	\$ 13,654 =====	\$ 8,859 =====	\$ (8,859) =====	\$ 13,654 =====

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CONMED CORPORATION
CONSOLIDATING CONDENSED STATEMENT OF INCOME
Nine Months Ended September 2001
(in thousands)
(unaudited)

	Parent Company Only ----	Subsidiary Guarantors -----	Eliminations -----	Company Total -----
Net sales	\$ 65,688 -----	\$ 249,710 -----	\$ -- -----	\$ 315,398 -----
Cost of sales	38,641	112,330	--	150,971
Selling and administrative expense .	20,135	83,645	--	103,780
Research and development expense ...	1,064 -----	9,599 -----	-- -----	10,663 -----
	59,840 -----	205,574 -----	-- -----	265,414 -----
Income from operations	5,848	44,136	--	49,984

Interest expense, net	--	23,809	--	23,809
	-----	-----	-----	-----
Income before income taxes	5,848	20,327	--	26,175
Provision for income taxes	2,106	7,317	--	9,423
	-----	-----	-----	-----
Income before equity in earnings of unconsolidated subsidiaries ...	3,742	13,010	--	16,752
Equity in earnings of unconsolidated subsidiaries	13,010	--	(13,010)	--
	-----	-----	-----	-----
Net income	\$ 16,752	\$ 13,010	\$ (13,010)	\$ 16,752
	=====	=====	=====	=====

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CONMED CORPORATION
CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
Nine Months Ended September 2000
(in thousands)
(unaudited)

	Parent Company Only ----	Subsidiary Guarantors -----	Eliminations -----	Company Total -----
Net cash flows from operating activities	\$ 4,529	\$ 12,521	\$ --	\$ 17,050
	-----	-----	-----	-----
Cash flows from investing activities:				
Distributions from subsidiaries	9,498	--	(9,498)	--
Purchases of property, plant and equipment	(9,383)	(2,486)	--	(11,869)
	-----	-----	-----	-----
Net cash provided (used) by investing activities .	115	(2,486)	(9,498)	(11,869)
	-----	-----	-----	-----
Cash flows from financing:				
Distributions to parent	--	(9,498)	9,498	--
Borrowings under revolving credit facility	19,000	--	--	19,000
Proceeds from issuance of common stock	448	--	--	448
Payments on long-term debt	(24,690)	--	--	(24,690)
	-----	-----	-----	-----
Net cash provided (used) by financing activities	(5,242)	(9,498)	9,498	(5,242)
	-----	-----	-----	-----
Effect of exchange rate changes on cash and cash equivalents	--	(378)	--	(378)
	-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(598)	159	--	(439)
Cash and cash equivalents at beginning of period	598	3,149	--	3,747
	-----	-----	-----	-----
Cash and cash equivalents at end of period	\$ --	\$ 3,308	\$ --	\$ 3,308
	=====	=====	=====	=====

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CONMED CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
Nine Months Ended September 2001
(in thousands)
(unaudited)

	Parent Company Only ----	Subsidiary Guarantors -----	Eliminations -----	Company Total -----
Net cash flows from operating activities	\$ 5,092	\$ 18,480	\$ --	\$ 23,572
	-----	-----	-----	-----
Cash flows from investing activities:				
Distributions from subsidiaries	15,990	--	(15,990)	--
Purchases of property, plant and equipment	(9,639)	(3,065)	--	(12,704)
	-----	-----	-----	-----
Net cash provided (used) by investing activities	6,351	(3,065)	(15,990)	(12,704)
	-----	-----	-----	-----
Cash flows from financing:				
Distributions to parent	--	(15,990)	15,990	--
Borrowings under revolving credit facility	14,000	--	--	14,000
Proceeds from issuance of common stock	1,591	--	--	1,591
Payments on long-term debt	(27,034)	--	--	(27,034)
	-----	-----	-----	-----
Net cash provided (used) by financing activities	(11,443)	(15,990)	15,990	(11,443)
	-----	-----	-----	-----
Effect of exchange rate changes on cash and cash equivalents	--	(880)	--	(880)
	-----	-----	-----	-----
Net decrease in cash and cash equivalents	--	(1,455)	--	(1,455)
	-----	-----	-----	-----
Cash and cash equivalents at beginning of period	--	3,470	--	3,470
	-----	-----	-----	-----
Cash and cash equivalents at end of period	\$ --	\$ 2,015	\$ --	\$ 2,015
	=====	=====	=====	=====

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

This Quarterly Report on Form 10-Q contains certain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and information that is based on the beliefs of management, as well as assumptions made by and information currently available to management.

When used in this Form 10-Q, the words "estimate", "project", "believe", "anticipate", "intend", "expect", and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including those discussed in our Annual Report on Form 10-K for the year ended December 2000, 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, among others, the following: general economic and business conditions; changes in customer

preferences; competition; changes in technology; the introduction of new products; the integration of any acquisition; changes in business strategy; the possibility that United States or foreign regulatory and/or administrative agencies might initiate enforcement actions against us or our distributors; our indebtedness; quality of our management and business abilities and the judgment of our personnel; the availability, terms and deployment of capital; the risk of litigation, especially patent litigation as well as the cost associated with patent and other litigation and changes in regulatory requirements.

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.

Three months ended September 2001 compared to three months ended September 2000

Sales for the quarter ended September 2001 were \$105.3 million, an increase of 13.5% compared to sales of \$92.8 million in the same quarter a year ago.

Sales in our orthopaedic businesses grew 4.4% to \$63.8 million from \$61.1 million in the comparable quarter last year. Arthroscopy sales, which represent approximately 58.2% of total orthopaedic revenues, grew 11.4% to \$37.1 million from \$33.3 million in the same period a year ago. Powered surgical instrument sales, which represent approximately 41.8% of orthopaedic revenues, declined 4.0% to \$26.7 million from \$27.8 million in the same quarter last year. Adjusted for constant foreign currency exchange rates, orthopaedic sales growth in the third quarter of 2001 would have been approximately 5.5% compared with the third quarter of 2000.

Patient care sales for the three months ended September 2001 were \$16.8 million, a 5.0% increase from \$16.0 million in the same period a year ago, as sales of our ECG and surgical suction product lines improved compared to the same period a year ago.

Electrosurgery sales for the three months ended September 2001 were \$16.8 million, an increase of 17.5% from \$14.3 million in the third quarter of last year, reflecting improved capital and disposable product sales.

Endoscopy sales for the three months ended September 2001 were \$7.9 million, an increase of 464% from \$1.4 million in the third quarter of last year. Excluding the impact of the Imagyn acquisitions (Note 6 to the consolidated condensed financial statements), the increase in sales was approximately 12.4%.

Cost of sales increased to \$51,332,000 in the current quarter as compared to \$44,136,000 in the same quarter a year ago, primarily as a result of the increased sales volumes described above. As discussed in Note 7 to the consolidated condensed

financial statements, during the quarter ended September 2001, we incurred various nonrecurring charges in connection with the second Imagyn acquisition. These costs were primarily related to the transition in manufacturing of the Imagyn product lines from Imagyn's Richland, Michigan facility to our manufacturing plants in Utica, New York. Such costs totaled \$886,000 in the third quarter of 2001 and are included in cost of sales. Excluding the impact of these non-recurring adjustments, cost of sales was \$50,446,000. Gross margin percentage for the third quarter 2001, excluding the Imagyn-related charges, was 52.1% compared to 52.5% in the third quarter of 2000. The decrease in gross margin percentage is primarily a result of product mix, as sales in the higher gross margin orthopaedic product lines declined to 60.6% of total sales in the quarter ended September 2001 compared to 65.8% in the quarter ended September 2000.

Selling and administrative expenses increased to \$35,029,000 in the third quarter of 2001 as compared to \$31,495,000 in the third quarter of 2000. As a percentage of sales, selling and administrative expenses totaled 33.3% in the third quarter of 2001, consistent with 33.9% in the third quarter of 2000. The increase in selling and administrative expense is a result of higher commissions and other selling expenses in the third quarter of 2001 as compared to the third quarter of 2000 associated with the increased sales volumes described above.

Research and development expense decreased to \$3,491,000 in the third quarter of 2001 as compared to \$4,109,000 in the third quarter of 2000. As a percentage of sales, research and development expense decreased to 3.3% in the current quarter compared to 4.4% in the same quarter a year ago.

Interest expense in the third quarter of 2001 was \$7,630,000 compared to \$8,834,000 in the third quarter of 2000. The decrease in interest expense is primarily a result of lower weighted average interest rates on our term loans and revolving credit facility which have declined to 5.66% and 5.62%, respectively at September 2001 as compared to 8.53% and 8.93%, respectively at September 2001 resulting in decreased interest expense. (See Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations).

Nine months ended September 2001 compared to nine months ended September 2000

Sales for the nine months ended September 2001 were \$315.4 million, an increase of 7.5% compared to sales of \$293.5 million in the same quarter a year ago.

Sales in our orthopaedic businesses grew 4.4% to \$201.0 million from \$192.6 million in the comparable period last year. Arthroscopy sales, which represent approximately 57.4% of total orthopaedic revenues, grew 6.0% to \$115.3 million from \$108.8 million in the same period a year ago. Powered surgical instrument sales, which represent approximately 42.6% of orthopaedic revenues, grew 2.3% to \$85.7 million from \$83.8 million in the same period last year. Adjusted for constant foreign currency exchange rates, orthopaedic sales growth in the first nine months of 2001 would have been approximately 6.0% compared with the first nine months of 2000.

Patient care sales for the nine months ended September 2001 were \$52.0 million, a 1.0% increase from \$51.5 million in the same period a year ago, reflecting modest increases in sales of our ECG and surgical suction product lines.

Electrosurgery sales for the nine months ended September 2001 were \$48.9 million, an increase of 8.7% from \$45.0 million in the first nine months of last year, reflecting improved generator and disposable product sales.

Endoscopy sales for the nine months ended September 2001 were \$13.4 million, an increase of 212% from \$4.3 million in the same period a year ago. Excluding the

impact of the Imagyn acquisitions (Note 6 to the consolidated condensed financial statements), the increase in sales was approximately 9.5%.

Cost of sales increased to \$150,971,000 in the nine months ended September 2001 compared to \$140,124,000 in the same period a year ago, primarily as a result of the increased sales volumes described above. As discussed in Note 7 to the consolidated condensed financial statements, during the quarter ended September 2001, we incurred various nonrecurring charges in connection with the second Imagyn acquisition. These costs were primarily related to the transition in manufacturing of the Imagyn product lines from Imagyn's Richland, Michigan facility to our manufacturing plants in Utica, New York. Such costs totaled \$886,000 in the third quarter of 2001 and are included in cost of sales. Excluding the impact of these non-recurring adjustments, cost of sales for the nine months ended September 2001 was \$150,085,000. Gross margin percentage for the nine months ended September 2001, excluding the Imagyn-related charges, was 52.4% comparable with the 52.3% experienced in the same period a year ago.

Selling and administrative expenses increased to \$103,780,000 in the first nine months of 2001 as compared to \$95,504,000 in the first nine months of 2000. As a percentage of sales, selling and administrative expenses totaled 32.9% in the first nine months of 2001, consistent with 32.5% in the first nine months of 2000. The increase in selling and administrative expense is a result of higher commissions and other selling expenses in the first nine months of 2001 as compared to 2000 associated with the increased sales volumes described above.

Research and development expense decreased to \$10,663,000 in the first nine months of 2001 as compared to \$11,087,000 in the first nine months of 2000. As a percentage of sales, research and development expense decreased to 3.4% in the current period compared to 3.8% in the same period a year ago.

Interest expense in the first nine months of 2001 was \$23,809,000 compared to \$25,477,000 in the first nine months of 2000. The decrease in interest expense is primarily a result of lower weighted average interest rates on our term loans and revolving credit facility which have declined, to 5.66% and 5.62%, respectively, at September 2001 as compared to 8.53% and 8.93%, respectively, at September 2000 resulting in decreased interest expense. (See Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations).

Liquidity and Capital Resources

Our net working capital position increased to \$121,533,000 at September 2001 compared to \$113,755,000 at December 2000. The increase in net working capital is largely a result of increases in accounts receivable and inventories at September 2001 compared to December 2000 as a result of higher overall sales levels in 2001 compared to 2000 and the effects of the second Imagyn acquisition.

Net cash used by investing activities for the nine months ended September 2001 and 2000 consisted of \$12,704,000 and \$11,869,000, respectively, in capital expenditures.

Financing activities during the nine months ended September 2001 consisted primarily of scheduled payments of \$27,034,000 on our term loans and \$14,000,000 in borrowings on our revolving credit facility. Financing activities during the nine months ended September 2000 consisted primarily of scheduled payments of \$24,690,000 on our term loans and \$19,000,000 in borrowings on our revolving credit facility.

Our term loans under our credit facility at September 2001 aggregate \$173,952,000. Our term loans are repayable quarterly over remaining terms of approximately four years. Our credit facility also includes a \$100,000,000 revolving credit facility which expires and is expected to be renegotiated prior to December 2002, of which

\$39,000,000 was available at September 2001. The borrowings under the credit facility carry interest rates based on a spread over LIBOR or an alternative base interest rate. The covenants of the credit facility provide for increase and decrease to this interest rate spread based on our operating results. The weighted average interest rates at September 2001 under the term loans and the revolving credit facility were 5.66% and 5.62%, respectively. Additionally, we are obligated to pay a fee of .375% per annum on the unused portion of the revolving credit facility.

The credit facility is collateralized by all of our personal property, except for our accounts receivable and related rights, which are pledged in connection with the accounts receivable securitization facility described below. The credit facility 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. We are also required to make mandatory prepayments from net cash proceeds from any issue of equity and asset sales. Mandatory prepayments are to be applied first to the prepayment of the term loans and then to reduce borrowings under the revolving credit facility.

The Notes are in aggregate principal amount of \$130,000,000 and have a maturity date of March 15, 2008. The Notes bear interest at 9.0% per annum which is payable semi-annually. The indenture governing the Notes has certain restrictive covenants and provides for, among other things, mandatory and optional redemptions by us.

The credit facility and Notes are guaranteed by each of our subsidiaries except CRC. The Subsidiary Guarantees provide that each Subsidiary Guarantor will fully and unconditionally guarantee our obligations on a joint and several basis. Each Subsidiary Guarantor is wholly-owned by CONMED Corporation. Under the credit facility and Note indenture, our subsidiaries except CRC are subject to the same covenants and restrictions that apply to us (except that the Subsidiary Guarantors are permitted to make dividend payments and distributions, including cash dividend payments, to us or another Subsidiary Guarantor).

The principal balances outstanding related to the Largo acquisition, discussed in Note 6 to the consolidated condensed financial statements, aggregated \$12,185,000, \$6,275,000 and \$4,200,000, at September 2001 on the Class A note, Class C note and Seller note respectively, which are secured by, among other things, recorded and unrecorded mortgage liens on the Largo property.

As discussed in Note 9 to the consolidated condensed financial statements, on November 1, 2001, we established a five-year accounts receivable securitization facility. We used the initial \$40.0 million in proceeds from the facility to repay a portion of our loans under the credit facility.

We use an interest rate swap, a form of derivative financial instrument, to manage interest rate risk. We have designated as a cash-flow hedge, an interest rate swap which effectively converts \$50,000,000 of LIBOR-based floating rate debt under our credit facility into fixed rate debt with a base interest rate of 7.01%. The interest rate swap expires in June 2003 and is included in liabilities on the balance sheet with a fair value approximating \$3,348,000. There were no material changes in our market risk during the quarter ended September 2001. For a detailed discussion of market risk, see our Annual Report on Form 10-K for the year ended December 2000, Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk.

We believe that cash generated from operations, our current cash resources and funds available under our credit facility will provide sufficient liquidity to ensure continued working capital for operations, debt service and funding of capital expenditures in the foreseeable future.

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Foreign Operations

Our foreign operations are subject to special risks inherent in doing business outside the United States, including governmental instability, war and other international conflicts, civil and labor disturbances, requirements of local ownership, partial or total expropriation, nationalization, currency devaluation, foreign exchange controls and foreign laws and policies, each of which may limit the movement of assets or funds or result in the deprivation of contract rights or the taking of property without fair compensation.

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Item 6. Exhibits and Reports on Form 8-K

List of Exhibits

Exhibit No.	Description of Instrument
-----	-----
10.1	The Purchase and Sale Agreement dated November 1, 2001 among CONMED Corporation, et al and CONMED Receivables Corporation (included in EDGAR filing only)
10.2	The Receivables Purchase Agreement dated November 1, 2001 among CONMED Receivables Corporation, Blue Keel Funding, LLC and Fleet National Bank (included in EDGAR filing only)

Reports on Form 8-K

None

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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 13, 2001

/s/ Robert D. Shallish, Jr.

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

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Exhibit Index

Exhibit -----	Sequential Page Number -----
10.1 The Purchase and Sale Agreement dated November 1, 2001 among CONMED Corporation, et al and CONMED Receivables Corporation	(included in EDGAR filing only)
10.2 The Receivables Purchase Agreement dated November 1, 2001 among CONMED Receivables Corporation, Blue Keel Funding, LLC and Fleet National Bank.	(included in EDGAR filing only)

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PURCHASE AND SALE AGREEMENT

among

CONMED CORPORATION

as an Originator and initial Servicer,

LINVATEC CORPORATION, LINVATEC CANADA ULC
AND CERTAIN OTHER SUBSIDIARIES OF
CONMED CORPORATION
THAT MAY BECOME PARTY HERETO,

as Originators

and

CONMED RECEIVABLES CORPORATION,

as the Initial Purchaser

Dated as of November 1, 2001

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (as amended, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of November 1, 2001, between CONMED CORPORATION, a New York corporation ("ConMed"), as a seller and as initial Servicer, LINVATEC CORPORATION, a Florida corporation ("Linvatec"), LINVATEC CANADA ULC, a corporation formed under the laws of Nova Scotia ("Linvatec Canada"; Linvatec, Linvatec Canada and ConMed, together with the other Persons who may become parties hereto pursuant to Section 1.7, are individually called an "Originator" and collectively called the "Originators"), and CONMED RECEIVABLES CORPORATION, a New York corporation, as initial purchaser (the "Initial Purchaser").

DEFINITIONS

Unless otherwise defined herein or the context otherwise requires, certain terms that are used throughout this Agreement (including the Exhibits hereto) are defined in Appendix A to the Receivables Purchase Agreement, dated as of even date herewith, among the Initial Purchaser, as Seller, ConMed, as the initial Servicer, Blue Keel Funding, LLC, as Conduit Purchaser, Fleet National Bank, as Committed Purchaser, and Fleet Securities, Inc., as Administrator (as the same may be amended, modified or supplemented from time to time, the "Receivables Purchase Agreement"). Any reference to "this Agreement" or "the Purchase and Sale Agreement", including any such reference in any Exhibit hereto, shall mean this Agreement in its entirety, including the Exhibits and other attachments hereto, as amended, modified or supplemented from time to time in accordance with the terms hereof.

Available Funds shall have the meaning assigned to such term in Section 3.2(a) hereof.

Contributed Receivables shall have the meaning assigned to such term in Section 1.2(b) hereof.

Cost Discount shall have the meaning assigned to such term in Section 2.1 hereof.

Cost Rate shall have the meaning assigned to such term in Section 2.1 hereof.

Deemed Collection means amounts payable by an Originator pursuant to Section 3.3.

Earned Discount Rate Percentage shall be equal to a fraction (expressed as a percentage) (x) the numerator of which is the sum of the products obtained by multiplying (A) each Earned Discount Rate applicable to any portion of the Asset Interest as of the first day of the relevant Settlement Period, times (B) the amount of the Capital (or portion thereof) to which such Earned Discount Rate applied on such first day, and (y) the denominator of which is the Capital on such first day.

Fair Market Value Discount Factor shall have the meaning assigned to such term in Section 2.1 hereof.

Ineligible Receivable shall have the meaning assigned to such term in Section 3.3(b) hereof.

Initial Closing Date shall have the meaning assigned to such term in Section 1.2(a) hereof.

Initial Contributed Receivables shall have the meaning assigned to such term in Section 1.1(b) hereof.

Initial Cut-Off Date means the Business Day immediately preceding the Initial Closing Date.

Initial Purchaser Note shall have the meaning assigned to such term in Section 3.1 hereof.

LIBO Rate shall have the meaning assigned to such term in Section 2.1 hereof.

Loss Discount shall have the meaning assigned to such term in Section 2.1 hereof.

Originator Loan shall have the meaning assigned to such term in Section 1.6 hereof.

Originator Note shall have the meaning assigned to such term in Section 1.6(a) hereof.

Payment Day means (i) the date hereof and (ii) each Business Day thereafter that an Originator is open for business.

Purchase Price shall have the meaning assigned to such term in Section 2.1 hereof.

Purchase Report shall have the meaning assigned to such term in Section 2.1 hereof.

Related Rights shall have the meaning assigned to such term in Section 1.1(a) hereof.

Sale Indemnified Amounts shall have the meaning assigned to such term in Section 7.1 hereof.

Sale Indemnified Party shall have the meaning assigned to such term in Section 7.1 hereof.

Sale Termination Date shall be the Purchase Termination Date under the Receivables Purchase Agreement.

Seller Material Adverse Effect means, with respect to any event or circumstance a material adverse effect on:

(i) the results of operations, business, financial position or assets of ConMed;

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(ii) the ability of any Originator to perform its obligations under this Agreement or any other Transaction Document to which such Originator, in its capacity as such, is a party;

(iii) a the validity or enforceability as against any Originator of this Agreement or any other Transaction Document to which any Originator, in its capacity as such, is a party;

(iv) the status, existence, perfection, priority or enforceability of the Initial Purchaser's interest in the Receivables Pool and the Related Rights; or

(v) the validity, enforceability or collectibility of a material portion of the Receivables Pool.

PRELIMINARY STATEMENTS

1. The Initial Purchaser is a limited purpose corporation, all of the issued and outstanding shares of capital stock of which are wholly owned by ConMed.

2. Each Originator wishes to sell Receivables that it now owns and from time to time hereafter will own to the Initial Purchaser, and the Initial Purchaser is willing, on the terms and subject to the conditions contained in this Agreement, to purchase such Receivables from such each Originator at such time.

3. The Initial Purchaser has entered into the Receivables Purchase Agreement, pursuant to which, among other things, the Initial Purchaser may sell to the Administrator, for the benefit of the Purchasers, undivided ownership interests in the Receivables and certain Related Rights.

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

ARTICLE I

AMOUNTS AND TERMS OF THE PURCHASES

SECTION 1.1. Agreement to Purchase and Sell.

(a) On the terms and conditions hereinafter set forth, and in consideration of the Purchase Price, each Originator agrees to sell to the Initial Purchaser, and the Initial Purchaser agrees to purchase from such Originator, at the times set forth in Section 1.2, but prior to the Sale Termination Date, all of such Originator's right, title, and interest in and to:

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(i) each Receivable (other than Initial Contributed Receivables) of such Originator that existed and was owing to such Originator as of the close of such Originator's business on the Initial Cut-Off Date, in the case of ConMed, Linvatec Canada and Linvatec, or on the Business Day immediately preceding the day on which such Originator became a party hereto pursuant to Section 1.7 in the case of each other Originator;

(ii) each Receivable (other than Contributed Receivables) created or originated by such Originator from the close of such Originator's business on the Initial Cut-Off Date, in the case of ConMed, Linvatec Canada and Linvatec, or on the Business Day immediately preceding the day on which such Originator became a party hereto pursuant to Section 1.7 in the case of each other Originator, to and including the Sale Termination Date;

(iii) all rights to, but not the obligations under, all related Contracts and all Related Security with respect thereto;

(iv) all monies due or to become due with respect to the foregoing;

(v) all books and records related to any of the foregoing;

(vi) all Lock-Boxes, Lock-Box Accounts, all amounts on deposit therein and all related agreements between such Originator and the Lock-Box Banks, in each case to the extent constituting or representing items described in paragraph (vii) below; and

(vii) all Collections in respect of, and other proceeds of, Receivables or any other of the foregoing (as defined in the UCC) received on or after the Initial Cut-Off Date, in the case of ConMed, Linvatec Canada and Linvatec, or on the Business Day immediately preceding the day on which such Originator became a party hereto pursuant to Section 1.7 in the case of each other Originator, including, without limitation, all funds which either are received by such Originator, the Initial Purchaser or the Servicer from or on behalf of the Obligors in payment of any amounts owed (including, without limitation, finance charges, interest and all other charges) in respect of Receivables, or are applied to such amounts owed by the Obligors (including, without limitation, insurance payments, if any,

that such Originator or the Servicer applies in the ordinary course of its business to amounts owed in respect of any 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).

All purchases and capital contributions hereunder shall be made without recourse, but shall be made pursuant to and in reliance upon the representations, warranties and covenants of the Originators set forth in each Transaction Document. The proceeds and rights described in subsections (iii) through (vii) of this Section 1.1(a) are herein collectively called the "Related Rights".

(b) Agreement to Contribute. In consideration of the capital stock of the Initial Purchaser issued to ConMed, ConMed agrees to contribute, and does hereby contribute to the Initial Purchaser,

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and the Initial Purchaser agrees to accept, and does hereby accept, from ConMed, in each case, on the Initial Closing Date, all of ConMed's right, title and interest in and to (i) Receivables and the Related Rights with respect thereto existing on the Initial Cut-Off Date, starting with the oldest such Receivables such that the aggregate Unpaid Balance of all such Receivables shall be as close as possible to, but not less than, \$2,000,000 (the "Initial Contributed Receivables") and (ii) all other Contributed Receivables originated by ConMed.

SECTION 1.2. Timing of Purchases.

(a) Initial Closing Date Purchase. On the date of the first Purchase under the Receivables Purchase Agreement (the "Initial Closing Date"), each of ConMed, Linvatec Canada and Linvatec shall sell to the Initial Purchaser, and the Initial Purchaser shall purchase, pursuant to Section 1.1, such Originator's entire right, title and interest in (i) each Receivable (other than the Initial Contributed Receivables) that existed and was owing to such Originator as of the close of such Originator's business on the Initial Cut-Off Date, and (ii) all Related Rights with respect thereto.

(b) Regular Purchases and Contributions. After the Initial Closing Date, and continuing until the Sale Termination Date, each Receivable described in Section 1.1(a)(ii) hereof, and all the Related Rights with respect thereto, created or originated by each Originator shall be sold or contributed by such Originator to the Initial Purchaser (without any further action) upon the creation or origination of such Receivable. All such Receivables, other than those Receivables indicated on a Purchase Report as having been contributed by the related Originator to the Initial Purchaser (such other Receivables, together with the Initial Contributed Receivables, the "Contributed Receivables"), shall be sold to the Initial Purchaser on such date; all Contributed Receivables shall be contributed by the related Originator to the Initial Purchaser on such date.

SECTION 1.3. No Recourse. Except as specifically provided in this Agreement, the purchase and sale of Pool Receivables and Related Rights under this Agreement shall be without recourse to the related Originator; provided that each Originator shall be liable to the Initial Purchaser for all representations, warranties, covenants and indemnities made by such Originator pursuant to the terms of this Agreement, it being understood that such obligation of such Originator will not arise on account of the failure of the Obligor for credit reasons to make any payment in respect of a Pool Receivable.

SECTION 1.4. True Sales.

(a) Each of each Originator and the Initial Purchaser intend the transactions hereunder to constitute true sales (or in the case of Contributed Receivables, conveyances in the form of capital contributions) of Pool Receivables and the Related Rights by such Originator to the Initial Purchaser providing the Initial Purchaser with the full benefits of ownership thereof, and no party hereto intends the transactions contemplated hereunder to be, or for any purpose to be characterized as, a loan from the Initial Purchaser to such Originator.

(b) In the event (but only to the extent) that the conveyance of Pool Receivables and Related Rights hereunder is characterized by a court or other governmental authority as a loan rather than a sale or contribution, each Originator shall be deemed hereunder to have granted to the Initial Purchaser, and each Originator hereby grants to the Initial Purchaser, a security interest in all of such Originator's right, title and interest in, to and under all of the Pool Receivables and Related Rights originated by it, whether now or hereafter owned, existing or arising. Such security interest shall secure all of such Originator's obligations (monetary or otherwise) under this Agreement and the other Transaction Documents to which it is a party, whether now or hereafter existing or arising, due or to become due, direct or indirect, absolute or contingent. The Initial Purchaser shall have, with respect to the property described in this Section 1.4(b), and in addition to all the other rights and remedies available to the Initial Purchaser under this Agreement and applicable law, all the rights and remedies of a secured party under the UCC, and this Agreement shall constitute a security agreement under Applicable Law.

SECTION 1.5. Consideration for Purchases. On the terms and subject to the conditions set forth in this Agreement, the Initial Purchaser agrees to make all Purchase Price payments to the Originators in accordance with Article III.

SECTION 1.6. Initial Purchaser Agreement to Make Demand Loans. On the terms and subject to the conditions set forth in this Agreement and in the Receivables Purchase Agreement, the Initial Purchaser agrees to make demand loans (each such loan being herein called an "Originator Loan") to ConMed prior to the Sale Termination Date in such amounts as ConMed may request from time to time; provided, however, that:

(a) The Originator Loans made to ConMed shall be evidenced by a demand promissory note in the form of Exhibit C to this Agreement issued by ConMed to the order of the Initial Purchaser (such demand promissory note, as it may be amended, supplemented, endorsed or otherwise modified from time to time in accordance with the Transaction Documents, together with all promissory notes issued from time to time in substitution therefor or renewal thereof in accordance with the Transaction Documents, being called the "Originator Note"); and

(b) No Originator Loan shall be made to ConMed to the extent that the making of such Originator Loan would violate the Receivables Purchase Agreement.

SECTION 1.7. Addition of Originators. Subsidiaries of ConMed may be added as Originators under this Agreement provided that all of the following conditions have been met:

(i) the conditions precedent set forth in paragraphs (b) through (k) of Section 4.1 are satisfied with respect to such Subsidiary;

(ii) such Subsidiary executes a joinder agreement in the form of Exhibit D hereto, in form and substance satisfactory to the Initial Purchaser and Administrator, pursuant to which such Subsidiary agrees to become an Originator hereunder, assumes all of the

obligations of an Originator hereunder and under the other Transaction Documents and makes all of the representations and warranties set forth in Section 5.1; and

(iii) the Initial Purchaser and the Administrator consent to such addition in writing.

ARTICLE II

CALCULATION OF PURCHASE PRICE

SECTION 2.1. Calculation of Purchase Price. On each Reporting Date (commencing with the first Reporting Date following the Initial Closing Date), the Servicer shall deliver to the Initial Purchaser, the Administrator and ConMed (if the Servicer is other than ConMed) a report in substantially the form of Exhibit A (each such report being herein called a "Purchase Report") with respect to the Initial Purchaser's purchases of Receivables from the Originators

(a) that arose on or prior to the Initial Cut-Off Date (in the case of the first Purchase Report to be delivered hereunder) and

(b) that arose during the Settlement Period immediately preceding such Reporting Date (in the case of each successive Purchase Report).

Each Purchase Report shall designate the amount of such Receivables that were Eligible Receivables on the date of origination (or, in the case of Receivables transferred or contributed on the Initial Closing Date, on the Initial Closing Date).

The "Purchase Price" (to be paid to the Originators in accordance with the terms of Article III) for the Receivables and the Related Rights shall be determined in accordance with the following formula:

$$PP = AUB - (AUB \times FMVD)$$

where:

PP = Purchase Price (to be paid to the Originators in accordance with the terms of Article III) as calculated on the relevant Reporting Date;

AUB = (i) for purposes of calculating the Purchase Price on the Initial Closing Date, the aggregate Unpaid Balance of all Receivables that existed and were owing to the related Originator as measured as at the Initial Cut-Off Date, less an amount equal to the sum of the aggregate Unpaid Balance of all Initial Contributed Receivables, and

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(ii) for purposes of calculating the Purchase Price for Receivables on each Reporting Date thereafter, the aggregate Unpaid Balance of the Receivables described in Section 1.1(a)(ii) hereof that were generated by the related Originator during the immediately preceding Settlement Period, less an amount equal to the sum of the aggregate Unpaid Balance of all Contributed Receivables, if any, indicated on the related Purchase Report; and

FMVD = "Fair Market Value Discount Factor" on the determination date, which is the sum of the Loss Discount and the Cost Discount, in each case as calculated on the most recent Reporting Date as set forth in the definitions below.

"Loss Discount" as measured on the Initial Closing Date or any Reporting Date means the ratio, expressed as a percentage, of (i) the losses (i.e. write-offs to the bad debt reserve or other write-offs consistent with the Credit and Collection Policy, in each case, net of recoveries) recognized for all Pool Receivables during the period equal to twelve (12) months ending on the Cut-Off Date immediately preceding the Initial Closing Date or such Reporting Date, as the case may be, divided by (ii) the Collections on all Pool Receivables received during such period.

"Cost Discount" as measured on the Initial Closing Date or any Reporting Date means a percentage determined in accordance with the following formula:

$$CD = (TD/360) \times CR$$

where:

CD = the Cost Discount as measured on such date;

TD = the Days Sales Outstanding, as set forth in the most recent Purchase Report; and

CR = the Cost Rate as measured on such date.

"Cost Rate" as measured on the Initial Closing Date or any Reporting Date means a per annum percentage rate equal to the sum of (i) the LIBO Rate for the Initial Closing Date or the related Settlement Period, as the case may be, plus (ii) 1.50%.

"LIBO Rate" for the Initial Closing Date or any Settlement Period means the offered rate per annum (rounded upwards, if necessary, to the nearest 1/16th of one percent) appearing in The Wall Street Journal for one month LIBOR loans on the Initial Closing Date or the first Business Day of such Settlement Period, as the case may be.

"Days Sales Outstanding" means a number of days calculated as (i) Sales as of the end of the second preceding month divided by the Collections for the preceding month multiplied by (ii) 30.

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ARTICLE III

PAYMENT OF PURCHASE PRICE

SECTION 3.1. The Initial Purchase Price Payment.

(a) On or prior to the Initial Closing Date, the Initial Purchaser shall pay the Purchase Price for the purchase to be made from each Originator with respect to the Receivables existing on or prior to the Initial Cut-Off Date (other than the Initial Contributed Receivables) (i) in cash in an amount equal to such Originator's pro rata share (based on the ratio of the Unpaid Balance of the Receivables sold on such date generated by such Originator to the aggregate Unpaid Balance of the Receivables sold on such date generated by all of the Originators) the amount received by the Initial Purchaser from the Purchaser in connection with the first Purchase made pursuant to the Receivables Purchase Agreement and (ii) by the issuance of a promissory note in the form of Exhibit B to this Agreement payable to the order of such Originator in the initial principal amount equal to the remainder of the Purchase Price owing after subtracting the amount paid in cash (such promissory note together with the promissory note issued to any other Originator hereunder, as it may be amended, supplemented, endorsed or otherwise modified from time to time, together with any promissory notes issued from time to time in substitution therefor or renewal thereof in accordance with the Transaction Documents, being called an "Initial Purchaser Note"), each of which Initial Purchaser Notes shall, in accordance with its terms, be subordinated to all interests in Pool Receivables and Related Rights and all obligations of the Initial Purchaser, of any nature, whether now or hereafter arising under or in connection with the Receivables Purchase Agreement.

(b) The Servicer shall hold the Initial Purchaser Note for the benefit of the related Originator, and shall make all appropriate record-keeping entries with respect to the Initial Purchaser Note or otherwise to reflect payments on and adjustments of the Initial Purchaser Note. The Servicer's books and records shall constitute rebuttable presumptive evidence of the principal amount of and accrued and unpaid interest on the Initial Purchaser Note at any time. Each Originator hereby irrevocably authorizes the Servicer to mark its Initial Purchaser Note "CANCELED" and to return such Initial Purchaser Note to the Initial Purchaser upon the full and final payment thereof after the Sale

Termination Date.

SECTION 3.2. Purchase Price Payments. On each Business Day falling after the date of the Initial Closing Date until the termination of this Agreement pursuant to Section 9.4, on the terms and subject to the conditions of this Agreement, the Initial Purchaser shall pay to each Originator the Purchase Price for the Pool Receivables and Related Rights purchased from such Originator during the immediately preceding Settlement Period as follows:

(i) First, by paying to such Originator a portion of the Purchase Price due pursuant to Section 2.1 by depositing into such account as such Originator shall specify immediately available funds from monies held by or on behalf of the Initial Purchaser solely

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to the extent that such monies do not constitute Collections that are required to be segregated and held by the Servicer or distributed to the Administrator or any Purchaser pursuant to the Receivables Purchase Agreement on the next Settlement Date or required to be paid to the Servicer as the Servicer's Fee on the next Settlement Date, or otherwise necessary to pay current expenses of the Initial Purchaser (in its reasonable discretion) (such available monies, the "Available Funds"), subject to the terms of the Receivables Purchase Agreement. Any Collections that have been paid to, or retained by, the related Originator during such Settlement Period shall be credited towards the Initial Purchaser's obligation pursuant to this clause first; provided, however, that, if Collections paid to, or retained by, such Originator exceed the Purchase Price for Pool Receivables and Related Rights purchased from such Originator for such Settlement Period, or, absent a cash payment, the Initial Purchaser shall not have sufficient cash to meet its payment obligations pursuant to the Receivables Purchase Agreement, such Originator shall turn over such excess to the Initial Purchaser;

(ii) Second, to the extent any portion of the Purchase Price remains unpaid, the principal amount outstanding under the related Originator Note automatically shall be reduced and deemed paid in an amount equal to such remaining Purchase Price, until such outstanding principal amount is reduced to zero; and

(iii) Third, to the extent any portion of the Purchase Price remains unpaid, the principal amount outstanding under the Initial Purchaser Note issued to such Originator automatically shall be increased in an amount equal to such remaining Purchase Price.

To the extent that (x) the amount due pursuant to Section 2.1 with respect to all Receivables created or originated by an Originator that arose during the corresponding Settlement Period is exceeded by (y) the amount paid to such Originator during such Settlement Period pursuant to the foregoing sentences for such Receivables, such excess shall be treated as a reduction in the principal amount of the Initial Purchaser Note, effective as of the last day of the related Settlement Period; provided, however, that if at any time the unpaid principal amount of the Initial Purchaser Note has been reduced to zero, such Originator shall pay the Initial Purchaser the remainder owed with respect thereto in immediately available funds.

SECTION 3.3. Deemed Collections, Etc.

(a) If on any day the Unpaid Balance of any Pool Receivable owed by an Obligor is reduced or adjusted as a result of any defective, rejected or returned merchandise or services, any cash discount, any credit, any incorrect billing, pricing adjustment or any other adjustment by an Originator or any Affiliate of an Originator, or is reduced or canceled as a result of a setoff in respect of any claim by the Obligor thereof against an Originator or any Affiliate of ConMed (whether such claim arises out of the same or a related or unrelated transaction) or as a result of any dispute or any obligation of an Originator or any Affiliate of an Originator to pay to the related Obligor any rebate or refund, or to rework any product or service, such Originator shall deliver to the Servicer in same day funds an amount equal to the amount of such reduction or adjustment, provided that, prior to

the Sale Termination Date, such amount may be paid by a reduction to the Purchase Price to be paid to such Originator on the next occurring Reporting Date;

(b) if on any day any of the representations or warranties in Sections 5.1 (i), (k), and (u) hereto is not true with respect to any Pool Receivable (each such Receivable, an "Ineligible Receivable"), the related Originator shall deliver to the Servicer in same day funds an amount equal to the Unpaid Balance of such Pool Receivable for application by the Servicer to the same extent as if Collections of such Unpaid Balance had actually been received on such date, provided that prior to the Sale Termination Date, such amount may be paid by a reduction to the Purchase Price to be paid to such Originator on the next occurring Reporting Date;

(c) except as provided in paragraph (a) or (b) of this Section 3.3, or as otherwise required by Applicable Law or the relevant Contract, all Collections received from an Obligor of any Pool Receivables shall be applied to the Pool Receivables of such Obligor in the order of the age of such Pool Receivables, starting with the oldest such Pool Receivable, unless such Obligor designates in writing its payment for application to specific Pool Receivables;

(d) if and to the extent that the Initial Purchaser shall be required for any reason to pay over to an Obligor (or any trustee, receiver, custodian or similar official in any Event of Bankruptcy) any amount received by it hereunder, such amount shall be deemed not to have been so received but rather to have been retained by the related Originator and, accordingly, the Initial Purchaser shall have a claim against such Originator for such amount, payable when and to the extent that any distribution from or on behalf of such Obligor is made in respect thereof; and

(e) in the event that an Originator has paid (by effecting a Purchase Price reduction or otherwise) to the Initial Purchaser the full Unpaid Balance of any Receivable pursuant to this Section 3.3, the Initial Purchaser shall reconvey such Receivable and all Related Rights with respect thereto to such Originator, without recourse, representation or warranty, but free and clear of all Liens created by the Initial Purchaser; such reconveyed Receivables and all Related Rights shall no longer be subject to the terms of this Agreement (including any obligation to turn over Collections with respect thereto).

SECTION 3.4. Payments and Computations, Etc.

(a) All amounts to be paid or deposited by an Originator or the Servicer hereunder shall be paid or deposited no later than 10:00 a.m. (New York time) on the day when due in same day funds. All amounts received after 10:00 a.m. (New York time) will be deemed to have been received on the immediately succeeding Business Day.

(b) Each Originator shall, to the extent permitted by law, pay interest on any amount not paid or deposited by such Originator (whether as Servicer, or otherwise) when due hereunder, at an interest rate equal to 2.0% per annum above the Alternate Base Rate, payable on demand.

(c) All computations of interest under Section 3.4(b) and all computations of the Purchase Price, fees, and other amounts hereunder shall be made on the basis of a 360-day year and actual days elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

CONDITIONS TO PURCHASES

SECTION 4.1. Conditions Precedent to Initial Purchase. The initial Purchase under this Agreement is subject to the condition precedent that the Initial Purchaser shall have received each of the following (with copies to the Administrator), on or before the date of such purchase, each in form and substance (including the date thereof) satisfactory to the Initial Purchaser and the Administrator:

(a) The Receivables Purchase Agreement, duly executed by the parties thereto, together with evidence reasonably satisfactory to the Initial Purchaser that all conditions precedent to the initial Purchase of an undivided interest thereunder (other than any condition relating to the effectiveness of the purchase commitment under this Agreement) shall have been met;

(b) A certificate of the Secretary of each of ConMed, Linvatec Canada and Linvatec certifying (i) a copy of the resolutions of its Board of Directors approving this Agreement and the other 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 this Agreement and the other Transaction Documents to be delivered by it hereunder (on which certificate the Administrator and Initial Purchaser may conclusively rely until such time as the Administrator shall receive from ConMed, Linvatec Canada or Linvatec, 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 this Agreement and the other Transaction Documents;

(c) The Articles of Incorporation of each of ConMed, Linvatec Canada and Linvatec, duly certified by the Secretary of State (or comparable Governmental Authority) of the jurisdiction of its organization, as of a recent date;

(d) Acknowledgment copies or time stamped receipt copies, of the proper financing statements (Form UCC-1) that name ConMed and Linvatec, respectively, as the debtor and seller and the Initial Purchaser as the secured party and purchaser (and the Administrator, for the benefit of the Purchaser, as assignee of the Initial Purchaser) of the Receivables and the Related Rights or other, similar instruments or documents, as may be

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necessary or, in Servicer's or the Administrators's opinion, desirable under the UCC or any comparable law of all appropriate jurisdictions to perfect the Initial Purchaser's ownership interest in all Receivables and Related Rights in which an ownership interest may be assigned to it hereunder;

(e) A search report provided in writing to and approved by the Administrator, listing all effective financing statements that name ConMed 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), and tax and judgment lien search reports from a Person satisfactory to Servicer and the Administrator showing no evidence of such liens filed against ConMed or Linvatec;

(f) Duly executed copies of the Lock-Box Agreements with the Lock-Box Banks;

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

(h) An Initial Purchaser Note in favor of each of ConMed, Linvatec Canada and Linvatec, respectively, duly executed by the Initial Purchaser;

(i) A certificate from an officer of each of ConMed, Linvatec Canada and Linvatec, respectively, to the effect that Servicer and each of ConMed, Linvatec Canada and Linvatec, respectively, have placed on the most recent, and have taken all steps reasonably necessary to ensure that there shall be placed on subsequent, summary master control data processing reports the following legend (or the substantive equivalent thereof):

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 SECURITIES, INC., AS ADMINISTRATOR, PURSUANT TO A RECEIVABLES PURCHASE AGREEMENT, DATED AS OF NOVEMBER 1, 2001, AMONG CONMED CORPORATION, CONMED RECEIVABLES CORPORATION, BLUE KEEL FUNDING, LLC, FLEET NATIONAL BANK AND FLEET SECURITIES INC., AS THE ADMINISTRATOR; and

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(j) Such other agreements, instruments, UCC financing statements, certificates, opinions and other documents as the Initial Purchaser or the Administrator may reasonably request.

SECTION 4.2. Conditions Precedent to All Purchases. Each purchase under this Agreement is subject to the condition precedent that the agreement of the Originators to sell Pool Receivables and Related Rights, and the agreement of the Initial Purchaser to purchase Pool Receivables and Related Rights, shall not have terminated pursuant to Section 9.4 of this Agreement, and shall be subject further to the conditions precedent that:

(a) in the case of each purchase, the Servicer shall have delivered to the Initial Purchaser on or prior to such purchase, a completed Purchase Report with respect to the immediately preceding calendar month, together with such additional information as may be reasonably requested by the Initial Purchaser; and

(b) the representations and warranties contained in Article V 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).

SECTION 4.3. Certification as to Representations and Warranties. Each Originator, by accepting the Purchase Price (whether in cash or by an increase in the principal amount outstanding under the Initial Purchaser Note or a reduction of the Originator Note) paid for each purchase of Pool Receivables and Related Rights on any day, shall be deemed to have certified that its representations and warranties contained in Article V are true and correct on and as of such day, with the same effect as though made on and as of such day.

SECTION 4.4. Effect of Payment of Purchase Price. Upon the payment of the Purchase Price (whether in cash or by an increase in the principal amount outstanding under an Initial Purchaser Note or a reduction of an Originator Note) for any purchase of Pool Receivables and Related Rights, title to such Pool Receivables and Related Rights shall vest in the Initial Purchaser, whether or not the conditions precedent to such purchase were in fact satisfied; provided that the Initial Purchaser shall not be deemed to have waived any claim it may have under this Agreement for the failure by an Originator in fact to satisfy any such condition precedent.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

SECTION 5.1. Representations and Warranties. In order to induce the Initial Purchaser to enter into this Agreement and to make purchases thereunder, each Originator hereby represents and warrants as follows:

(a) Organization and Good Standing. Such Originator has been duly organized and is validly existing as a corporation in good standing under the laws of the state of its incorporation, 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. Such Originator 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 Seller Material Adverse Effect.

(c) Power and Authority; Due Authorization. Such Originator (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 Receivables and Related Rights 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.

(d) Binding Obligations. This Agreement constitutes, and each other Transaction Document to be signed by such Originator when duly executed and delivered will constitute, a legal, valid and binding obligation of such Originator 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 such Originator 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 such Originator'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 such

Originator that could reasonably be expected to have a Seller Material Adverse Effect, (iii) result in the creation or imposition of any Lien upon any of such Originator'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 a Seller Material Adverse Effect.

(f) No Proceedings. There is no litigation, proceedings or investigations pending or, to the best of such Originator's knowledge, threatened, before any Governmental Authority or arbitrator (i) asserting the invalidity of this Agreement or any other Transaction Document to which such Originator is a party, (ii) seeking to prevent the sale and assignment of the Receivables and Related Rights, the collectibility of the Receivables 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 Seller Material Adverse Effect.

(g) Government Approvals. No Governmental Action is required for the due execution, delivery and performance by such Originator 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 Section 4.1, all of which, at the time required in Section 4.1, shall have been duly made and shall be in full force and effect.

(h) Securities Exchange Act. No proceeds of any purchase will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

(i) Quality of Title; Valid Sale; Etc. Upon its creation and prior to its sale or contribution to the Initial Purchaser under this Agreement, such Originator is the legal and beneficial owner of each of the Receivables and the Related Rights originated by it free and clear of any Lien; and upon each purchase or contribution the Initial Purchaser shall acquire a valid and enforceable ownership interest in each Pool Receivable then existing or thereafter arising and in the Related Rights with respect thereto, free and clear of any Lien, enforceable against all creditors of, and purchasers from, such Originator. Each Pool Receivable constitutes an "account" as such term is defined in the UCC. No effective financing statement or other instrument similar in effect covering any Pool Receivable or Related Rights with respect thereto is on file in any recording office, except those filed in favor of the Initial Purchaser pursuant to this Agreement and in favor of the Administrator pursuant to the Receivables Purchase Agreement.

(j) Accuracy of Information. No report, information, exhibit, financial statement, document, book, record or report furnished by or on behalf of it to the Initial Purchaser or the Administrator in connection with this Agreement was accurate in any material respects 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

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of a material fact or omitted to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(k) Offices. The principal place of business and chief executive office of such Originator are located at the address of such Originator referred to in Section 9.2, and the offices where such Originator keeps all its books, records and documents evidencing or relating to Pool Receivables are located at the address of such Originator referred to in Section 9.2 (or at such other locations, notified to the Administrator in accordance with Section 6.1(e), in jurisdictions where all action required by Section 8.4 has been taken and completed).

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

(m) Margin Regulations. The use of all funds obtained by such

Originator under this Agreement will not conflict with or contravene any of Regulation T, U or X promulgated by the Federal Reserve Board from time to time.

(n) Maintenance of Books and Records. Such Originator has accounted for each sale of Pool Receivables and Related Rights in its books and financial statements as sales, consistent with GAAP.

(o) Credit and Collection Policy. Such Originator has complied in all material respects with the Credit and Collection Policy with regard to each Receivable.

(p) Solvency. Such Originator is solvent; and at the time of (and immediately after) each sale pursuant to this Agreement it shall be solvent.

(q) Compliance with Transaction Documents. Such Originator, as Servicer (in the case of ConMed) or as an Originator, has complied in all material respects with all of the terms, covenants and agreements contained in this Agreement and the other Transaction Documents applicable to it.

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

(s) Investment Company Act. Such Originator is not, and is not controlled by, an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended.

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(t) Eligible Receivables. Each Pool Receivable sold or contributed by such Originator to the Initial Purchaser hereunder that is designated as an Eligible Receivable on a Purchase Report is in fact an Eligible Receivable.

ARTICLE VI

COVENANTS

SECTION 6.1. Affirmative Covenants. From the date hereof until the Final Payout Date:

(a) Compliance with Laws, Etc. Each Originator 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 Seller Material Adverse Effect.

(b) Preservation of Corporate Existence. Each Originator 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 Seller Material Adverse Effect.

(c) Audits. (i) Each Originator 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 Receivables, (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 Receivables 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 Pool 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 ConMed, to conduct, at such Originator's 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, no Originator shall be obligated to pay for more than one review in each calendar year. Any such certified public accountants or other auditors shall be obligated to enter into a customary confidentiality agreement with such Originator.

(d) Keeping of Records and Books of Account. Each Originator will maintain and implement administrative and operating procedures (including, without limitation, an

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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 Receivables (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. Each Originator will timely and fully perform and comply 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 Originator 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 address(es) referred to in Section 9.2 or, upon 30 days' prior written notice to the Administrator, at such other locations in jurisdictions where all action required by Section 8.4 shall have been taken and completed.

(g) Credit and Collection Policies. Each Originator, 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 Originator will instruct (i) all Obligor 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 any Originator receives Collections directly from any Obligor, such Originator shall deposit such Collections into a Lock-Box Account within two Business Days of receipt thereof.

SECTION 6.2. Negative Covenants. From the date hereof until the Final Payout Date:

(a) Sales, Liens, Etc. No Originator will, except as otherwise provided herein or in any other Transaction Document, 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 Receivable or any interest therein.

(b) Extension or Amendment of Receivables. No Originator will, except as otherwise permitted in any other Transaction Document, extend, amend or otherwise modify, or permit Servicer to extend, amend or otherwise modify, the terms of any Pool Receivable;

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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. No Originator will make any change in the character of its business or in the Credit and Collection Policy, which change could impair the collectibility of any Pool Receivable or otherwise adversely affect the interests or remedies of the Administrator, any Purchaser or the Initial Purchaser under this Agreement or any other Transaction Document.

(d) Change in Payment Instructions to Obligors. No Originator will add or terminate any bank as a Lock-Box Bank or any Lock-Box Account from those listed in Schedule I or make any change, or permit Servicer to make any change, in its instructions to Obligors regarding payments to be made to the Initial Purchaser or Servicer or payments to be made to any Lock-Box Bank, unless the Administrator shall have received 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.

(e) Mergers, Acquisitions, Sales, etc. No Originator will (i) be a party to any merger with or acquisition of any other Person, other than a Wholly-Owned Subsidiary of ConMed, without the consent of the Administrator, (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 Receivables Purchase Agreement) or (iii) unless such Originator has given Initial Purchaser and the Administrator not less than thirty days prior notice and taken all of the actions specified in Section 8.4, change the state of its incorporation.

(f) Deposits to Special Accounts. No Originator 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.

SECTION 6.3. Separate Existence. Each Originator hereby acknowledges that each Purchaser and the Administrator are entering into the transactions contemplated by the other Transaction Documents in reliance upon the Initial Purchaser's identity as a legal entity separate from each Originator. Therefore, from and after the date hereof, each Originator shall take all steps specifically required by the Transaction Documents, including those set forth in Section 7.04 of the Receivables Purchase Agreement, or by the Initial Purchaser, any Purchaser or Administrator to continue the Initial Purchaser's identity as a separate legal entity and to make it apparent to third Persons that the Initial Purchaser is an entity with assets and liabilities distinct from those of such Originator and any other Person, and is not a division of such Originator or any other Person.

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ARTICLE VII

INDEMNIFICATION

SECTION 7.1. Indemnities by the Originators. Without limiting any other rights which the Initial Purchaser and each of its permitted assigns, officers, directors, employees and agents (each of the foregoing Persons being individually called a "Sale Indemnified Party") may have hereunder or under applicable law, each Originator, jointly and severally, hereby agrees to

indemnify the Initial Purchaser and each Sale Indemnified Party from and against any and all damages, losses, claims, judgments, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements (all of the foregoing collectively being called "Sale Indemnified Amounts") arising out of or resulting from this Agreement (whether directly or indirectly) or the use of proceeds of purchases or the ownership of any Pool Receivable or Related Rights, excluding, however, (a) Sale Indemnified Amounts to the extent resulting from gross negligence, bad faith or willful misconduct on the part of the Initial Purchaser or such Sale Indemnified Party, (b) Sale Indemnified Amounts to the extent the same includes losses in respect of Pool Receivables and reimbursement therefor that would constitute credit recourse to the Originators for the amount of any Pool Receivable or Related Rights not paid by the related Obligor for credit reasons, or (c) any net income taxes or franchise taxes imposed on the Initial Purchaser or such Sale Indemnified Party by the jurisdiction under the laws of which such Sale Indemnified Party is organized or any political subdivision thereof. Without limiting or being limited by the foregoing, but subject to the exclusions set forth in the immediately preceding sentence, each Originator, jointly and severally, shall pay on demand to the Initial Purchaser and each Sale Indemnified Party any and all amounts necessary to indemnify the Initial Purchaser and such Sale Indemnified Party from and against any and all Sale Indemnified Amounts relating to or resulting from any of the following:

(i) the transfer by any Originator of an interest in any Receivable or Related Rights to any Person other than the Initial Purchaser;

(ii) the failure of any information provided by any Originator, as Servicer or otherwise, to the Initial Purchaser, any Purchaser, the Administrator or the Servicer with respect to Pool Receivables or this Agreement to be true, correct and complete;

(iii) the failure of any representation or warranty or statement made or deemed made by any Originator (or any of its officers), as Servicer or otherwise, under or in connection with this Agreement to have been true and correct when made;

(iv) the failure by any Originator, as Servicer or otherwise, to comply with any Applicable Law with respect to any Pool Receivable or Related Rights; or the failure of any Pool Receivable or Related Rights to conform to any such Applicable Law;

(v) the failure to vest and maintain vested in the Initial Purchaser a valid and enforceable ownership interest in each Pool Receivable at any time existing and the Related Rights with respect thereto, free and clear of any Lien, other than a Lien arising solely as a

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result of an act of the Initial Purchaser, any Purchaser or the Administrator, whether existing as the time of purchase of such Pool Receivable or at any time thereafter;

(vi) the failure of any Originator to have filed, 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 Receivables and the Related Rights in respect thereof, whether at the time of any purchase or at any subsequent time;

(vii) any dispute, claim, offset or defense (other than discharge in bankruptcy) of the Obligor to the payment of any Pool Receivable (including, without limitation, a defense based on such Pool 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 goods or services related to such Pool Receivable or the furnishing or failure to furnish such goods or services or relating to collection activities with respect to such Pool Receivable (if such collection activities were performed by any Originator or any of its Affiliates, acting as

Servicer or by any agent or independent contractor retained by any Originator or any of its Affiliates);

(viii) any breach by any Originator, as Servicer or otherwise, of any of its covenants or agreements under this Agreement or to perform its duties or obligations under the Contracts;

(ix) any products liability or other claim, investigation, litigation or proceeding arising out of or in connection with merchandise, insurance or services which are the subject of any Contract;

(x) the commingling of Collections of Pool Receivables at any time with other funds;

(xi) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of purchases or the ownership of any Pool Receivable or Related Rights;

(xii) 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 on such Sale Indemnified Party), 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 the Receivables generated by any Originator or any Related Rights connected with any such Receivables; or

(xiii) any requirement that all or a portion of the distributions made to the Initial Purchaser pursuant to this Agreement shall be rescinded or otherwise must be returned to any Originator for any reason.

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SECTION 7.2. After-Tax Basis. Indemnification hereunder shall be in an amount necessary to make the Sale Indemnified Party whole after taking into account any tax consequences to the Sale 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 Sale Indemnified Party.

ARTICLE VIII

ADMINISTRATION AND COLLECTIONS; ADDITIONAL RIGHTS AND OBLIGATIONS IN RESPECT OF THE POOL RECEIVABLES

SECTION 8.1. Servicing of Pool Receivables and Related Rights. Consistent with the Initial Purchaser's ownership of the Pool Receivables and the Related Rights, the Initial Purchaser shall have the sole right to service, administer and collect the Pool Receivables, to assign such right and to delegate such right to others. In consideration of the Initial Purchaser's purchase of the Pool Receivables and the Related Rights, each Originator agrees to cooperate fully with the Initial Purchaser to facilitate the full and proper performance of such duties and obligations for the benefit of the Initial Purchaser, the Purchasers, and the Administrator. To the extent that the Initial Purchaser, individually or through the Servicer, has granted or grants powers of attorney to the Administrator under the Receivables Purchase Agreement, each Originator hereby grants a corresponding power of attorney on the same terms to the Initial Purchaser. Each Originator hereby acknowledges and agrees that the Initial Purchaser, in all of its capacities, shall assign to the Administrator for the benefit of the Purchasers and the Administrator such powers of attorney and other rights and interests granted by such Originator to the Initial Purchaser hereunder, and agrees to cooperate fully with the Administrator in the exercise of such rights.

SECTION 8.2. Rights of the Initial Purchaser; Enforcement Rights.

(a) The Initial Purchaser shall have no obligation to account for, to replace, to substitute or to return any Receivables and Related Rights to any Originator. The Initial Purchaser shall have no obligation to account for, or to return to any Originator, Collections, or any interest or other finance charge collected pursuant thereto, without regard to whether such Collections and charges are in excess of the Purchase Price for such Pool Receivables and Related Rights.

(b) The Initial Purchaser shall have the unrestricted right to further assign, transfer, deliver, hypothecate, subdivide or otherwise deal with the Pool Receivables and Related Rights, and all of the Initial Purchaser's right, title and interest in, to and under this Agreement, on whatever terms the Initial Purchaser shall determine, pursuant to the Receivables Purchase Agreement or otherwise.

(c) The Initial Purchaser shall have the sole right to retain any gains or profits created by buying, selling or holding the Pool Receivables and Related Rights and, except as expressly set

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forth in the Transaction Documents, shall have the sole risk of and responsibility for losses or damages created by such buying, selling or holding.

(d) At any time following the designation of a Servicer (other than ConMed) in accordance with the Receivables Purchase Agreement:

(i) the Administrator may direct the Obligors that payment of all amounts payable under any Pool Receivable be made directly to the Administrator or its designee;

(ii) the Administrator may instruct ConMed to give notice of the Initial Purchaser's interest in the Pool Receivables or the Purchaser's interest in Pool Receivables to each Obligor, which notice shall direct that payments with respect to Pool Receivables be made directly to the Administrator or its designee, and upon such instruction from the Administrator ConMed shall give such notice at its expense; provided, that if ConMed fails to so notify each Obligor, the Administrator may so notify the Obligors; and

(iii) the Administrator may request ConMed to, and upon such request ConMed shall, (A) assemble all of the records necessary or desirable to collect the Pool Receivables and the Related Rights (including, without limitation, computer programs, tapes and disks, other than excluded data), and make the same available to the Administrator or its designee 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 with respect to the Pool Receivables 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 or its designee.

(e) Each Originator hereby authorizes the Initial Purchaser, and irrevocably appoints the Initial Purchaser as its attorney-in-fact with full power of substitution and with full authority in the place and stead of such Originator, which appointment is coupled with an interest, to take any and all steps in the name of such Originator and on behalf of such Originator necessary or desirable, in the determination of the Initial Purchaser, to collect any and all amounts or portions thereof due under any and all Pool Receivables or Related Rights, including, without limitation, endorsing the name of such Originator on checks and other instruments representing Collections and enforcing such Pool Receivables and Related Rights.

SECTION 8.3. Responsibilities of the Originator. Anything herein to the contrary notwithstanding:

(a) each Originator agrees to deliver directly to the Servicer (for the Initial Purchaser's account), within two (2) Business Days of receipt thereof, any Collections that it receives, in the form so received, and agrees that all

Collections shall be deemed to be received in trust for the Initial Purchaser;

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(b) each Originator agrees to instruct (i) all Obligor 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; and

(c) each Originator shall (i) perform all of its obligations hereunder and under the Contracts related to the Pool Receivables and Related Rights (and under its agreements with the Lock-Box Banks) to the same extent as if the Pool Receivables and Related Rights had not been sold hereunder, and the exercise by the Initial Purchaser or its designee or assignee of the Initial Purchaser's rights hereunder or in connection herewith shall not relieve such Originator from such obligations and (ii) pay when due any taxes, including, without limitation, any sales taxes payable in connection with the Pool Receivables and their creation and satisfaction. Notwithstanding anything to the contrary in this Agreement, none of the Initial Purchaser, the Administrator or any Purchaser shall have any obligation or liability with respect to any Receivable or Related Rights nor shall any of them be obligated to perform any of the obligations of any Originator under any of the foregoing.

SECTION 8.4. Further Action Evidencing Purchases. Each Originator agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, in order to perfect, protect or more fully evidence the purchase of the Pool Receivables and the Related Rights by the Initial Purchaser hereunder, or to enable the Initial Purchaser to exercise or enforce any of its rights hereunder or under any other Transaction Document. Each Originator further agrees from time to time, at its expense, promptly to take all action that the Initial Purchaser, the Servicer or the Administrator may reasonably request in order to perfect, protect or more fully evidence such purchase of the Pool Receivables and the Related Rights or to enable the Initial Purchaser or the Purchasers (as assignee of the Initial Purchaser) or the Administrator to exercise or enforce any of its or their respective rights hereunder or under any other Transaction Document in respect of the Pool Receivables and the Related Rights. Without limiting the generality of the foregoing each Originator will:

(a) execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as the Initial Purchaser or the Administrator may reasonably determine to be necessary or appropriate; and

(b) mark the master data processing records evidencing the Pool Receivables and, if requested by the Initial Purchaser or the Administrator, to the extent reasonably practicable, legend the related Contracts, to reflect the sale of the Pool Receivables and Related Rights pursuant to this Agreement and the Receivables Purchase Agreement.

Each Originator hereby authorizes the Initial Purchaser or its designee or assignee to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any of the Pool Receivables and Related Rights of such Originator, in each case whether now existing or hereafter generated. If an Originator fails to perform any of its agreements or obligations under this Agreement, the Initial Purchaser or its designee or assignee may (but shall

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not be required to) itself perform, or cause performance of, such agreement or obligation, and the reasonable expenses of the Initial Purchaser or its designee

or assignee incurred in connection therewith shall be payable by such Originator under Section 7.1.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1. Amendments, Etc. No amendment or waiver of any provision of this Agreement or consent to any departure by any Originator therefrom shall be effective unless in a writing signed by the Initial Purchaser, and consented to in writing by the Administrator, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Initial Purchaser or the Administrator 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.

SECTION 9.2. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise expressly stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by certified mail, postage prepaid, or by facsimile, to the intended party at the address or facsimile number of such party set forth on Schedule 9.2 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 9.3. Acknowledgment and Consent.

(a) Each of ConMed, as an Originator and as initial Servicer, and each other Originator acknowledges that, contemporaneously herewith or at any time hereafter, the Initial Purchaser is assigning or will assign to the Administrator, for the benefit of the Purchasers, pursuant to the Receivables Purchase Agreement, one or more undivided interests in all of the Initial Purchaser's rights, title, claims and interest in, to and under the Pool Receivables and Related Rights, and all of the Initial Purchaser's right, title and interest in, to and under this Agreement, it being understood that such assignment shall not relieve any party hereto from (or require the Purchaser or the Administrator to undertake) the performance of any term, covenant or agreement on the part of any party hereto to be performed or observed under or in connection with this Agreement. Each of ConMed, as Originator and as initial Servicer, and each other Originator hereby consents to such assignments, including, without limitation, the assignment by the Initial Purchaser of (i) the right of the Initial Purchaser, at any time, to enforce this Agreement against the Originators and the obligations of the Originators hereunder, (ii) the right to appoint a successor to the Servicer as set

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forth in the Receivables Purchase Agreement, (iii) the right, at any time, to give or withhold any and all consents, requests, notices, directions, approvals, demands, extensions or waivers under or with respect to this Agreement, any other Transaction Document or the obligations in respect of the Originators thereunder to the same extent as the Initial Purchaser may do, and (iv) all of the Initial Purchaser's rights, remedies, powers and privileges, and all claims of the Initial Purchaser against each Originator, under or with respect to this Agreement and the other Transaction Documents (whether arising pursuant to the terms of this Agreement or otherwise available at law or in equity). Each of the parties hereto acknowledges and agrees that the Purchasers, the Administrator and the other Indemnified Parties are third party beneficiaries of the rights of the Initial Purchaser arising hereunder and under the other Transaction Documents to which any Originator is a party.

(b) Each Originator hereby agrees to execute all agreements, instruments and documents, and to take all other action, that the Initial

Purchaser or the Administrator determines is necessary or reasonably desirable to evidence its consent described in Section 9.3(a).

(c) Each Originator hereby acknowledges that its obligations to the Purchasers and the Administrator as assignees of the Initial Purchaser are and shall be, to the extent permitted by Applicable Law or not prohibited by any order of any court or administrative or regulatory authority, absolute and unconditional under any and all circumstances and shall be unaffected by any claims, offsets or other defenses such Originator may have against the Initial Purchaser, and each Originator agrees that it shall not assert or interpose any such claims, offsets or defenses as a defense to its performance of its obligations under the Transaction Documents to which it is a party.

SECTION 9.4. Binding Effect; Assignability. This Agreement shall be binding upon and inure to the benefit of the Initial Purchaser, each Originator and their respective successors and permitted assigns. No Originator may assign its rights hereunder or any interest herein without the prior written consent of the Initial Purchaser, the Administrator and the Liquidity Agent; subject to Section 9.3, the Initial Purchaser may not assign its rights hereunder or any interest herein without the prior written consent of ConMed, the Administrator and the Liquidity Agent. 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 date after the Sale Termination Date on which each Originator has received payment in full for all of its Receivables and Related Rights conveyed pursuant to Section 1.1 hereof and has paid and performed all of its obligations hereunder in full. The rights and remedies with respect to any breach of any representation and warranty made by any Originator pursuant to Article V shall be continuing and shall survive any termination of this Agreement.

SECTION 9.5. Costs, Expenses and Taxes. In addition to the rights of indemnification granted under Article VII, each Originator, jointly and severally, agrees to pay on demand all costs and expenses in connection with any amendment, modification or waiver of or consent to any of the foregoing, including, without limitation, reasonable attorneys' fees for the Administrator, the Initial Purchaser and their respective Affiliates and agents with respect thereto and with respect to advising the Administrator, the Initial Purchaser and their respective Affiliates and agents as to their rights and remedies under this Agreement and the other Transaction

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Documents, and all costs and expenses, if any (including, without limitation, reasonable attorneys' fees), of the Administrator, the Initial Purchaser and their respective Affiliates and agents, in connection with the enforcement of this Agreement and the other Transaction Documents.

SECTION 9.6. No Proceedings; Limitation on Payments.

(a) Each Originator hereby agrees that it will not institute against, or join any other Person in instituting against, the Initial Purchaser any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after the Final Payout Date. The foregoing shall not limit any Originator's right to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted by any Person other than an Originator.

(b) Notwithstanding any provisions contained in this Agreement to the contrary, the Initial Purchaser shall not, and shall not be obligated to, pay any amount pursuant to this Agreement unless the Initial Purchaser has excess cash flow from operations or has received funds with respect to such obligation which may be used to make such payment and, in each case, such payment is permitted by the Receivables Purchase Agreement.

SECTION 9.7. GOVERNING LAW AND JURISDICTION.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE PERFECTION (OR THE EFFECT OF PERFECTION OR NON- PERFECTION) OF THE INTERESTS OF

THE INITIAL PURCHASER IN THE POOL RECEIVABLES AND THE RELATED RIGHTS IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY UNITED STATES FEDERAL COURT, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY TRANSACTION DOCUMENT. EACH PARTY HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

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SECTION 9.8. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of 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 9.9. Survival of Termination. The provisions of Section 1.4, Article VII, Section 9.3, Section 9.5, Section 9.6, Section 9.7, Section 9.10 and this Section 9.9 shall survive any termination of this Agreement.

SECTION 9.10. 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 9.11. Entire Agreement. This Agreement and the other Transaction Documents embodies the entire agreement and understanding of the parties hereto, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof. The Exhibits, Schedules and Annexes to this Agreement shall be deemed incorporated by reference into this Agreement as if set forth herein.

SECTION 9.12. Headings. The captions and headings of this Agreement and in any Exhibit hereto are for convenience of reference only and shall not affect the interpretation hereof or thereof.

ARTICLE X

GUARANTY

SECTION 10.1. Guaranty of Obligations. ConMed hereby unconditionally guarantees the full and prompt payment when due, whether by acceleration or otherwise, and at all times thereafter, and the full and prompt performance by each Originator (other than ConMed) of all of such Originator's obligations under this Agreement and under any other Transaction Document to which such Originator is a party, including interest and earnings on any such obligations, whether accruing before or after any bankruptcy or insolvency case or proceeding involving such Originator (and, if interest or yield on any portion of such obligations ceases to accrue by operation of law by reason of the commencement of any such case or proceeding, including such interest and yield as would have accrued on any such portion of such obligations if such case or proceeding had not commenced). The foregoing guaranty shall in all respects be a continuing, absolute and unconditional guaranty of the prompt and complete payment and performance (and not merely of

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collection) and shall remain in full force and effect, until such date occurring after the Sale Termination Date on which each Originator has fully and finally paid all amounts due from it under this Agreement and any other Transaction Document to which it is a party.

SECTION 10.2. Reinstatement. ConMed agrees that, if at any time all or any part of any payment made by any Originator hereunder is or must be rescinded or returned for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of such Originator), such obligation shall, for purposes of the guaranty set forth in this Article X, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, and the guaranty set forth in this Article X shall continue to be effective or be reinstated, as the case may be, as to such obligation.

SECTION 10.3. Waiver. ConMed hereby expressly waives (a) notice of the acceptance of the guaranty set forth in this Article X, (b) notice of the existence or creation or nonpayment of all or any of the obligations of any Originator hereunder or under any other Transaction Document, (c) presentment, demand, notice of dishonor, protest and all other notices whatsoever and (d) all diligence and collection or protection of a realization upon any obligation of any Originator hereunder or any security for or guaranty of any of the foregoing.

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 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:

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SCHEDULE I

LOCK-BOX BANKS AND LOCK-BOX ACCOUNTS

The Chase Manhattan Bank

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

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EXHIBIT A
FORM OF PURCHASE REPORT

PURCHASE REPORT

CONMED Receivables Corporation
As of _____

			Cut-Off Date
Total Receivables	UPB	\$ -	Input
Initial Contributed Receivables		\$	Fixed
Aggregate Unpaid Balance of Receivables	AUB	\$	Calculated
LIBOR		0.0000%	Input
Days Sales Outstanding	TD	0	Input
12 Month Losses		\$ -	Input
12 Month Collections		\$ -	Input
Purchaser's Total Investment	PTI	\$	Fixed
Cost Rate (LIBOR +1.50%)	CR		Calculated
Cost Discount (TD/360)*CR	CD	0	Calculated
Loss Discount (12 Month Losses/12 Month Coll)	LD	#DIV/0!	Calculated
Fair Market Value Discount (LD+CD)	FMVD	#DIV/0!	Calculated
Purchase Price (AUB-(AUB*FMVD))	PP	#DIV/0!	Calculated
Eligible Receivables		\$ -	Input
Ineligible Receivables		\$ -	Input

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EXHIBIT B
FORM OF INITIAL PURCHASER NOTE

NON-NEGOTIABLE PROMISSORY NOTE

November 1, 2001

FOR VALUE RECEIVED, the undersigned, CONMED RECEIVABLES CORPORATION, a Delaware corporation (the "Initial Purchaser"), promises to pay to [NAME OF ORIGINATOR], _____ a corporation (the "Originator"), at its office at _____, on the terms and subject to the conditions set forth herein and in the Purchase and Sale Agreement referred to below, the aggregate unpaid Purchase Price of all Pool Receivables and Related Rights of the Originator purchased and to be purchased by the Initial Purchaser pursuant to the Purchase and Sale Agreement (subject to adjustment pursuant to Section 3.3 of such Purchase and Sale Agreement). Such amount as shown in the records of the Servicer will be rebuttable presumptive evidence of the principal amount owing under this Note.

1. Purchase and Sale Agreement. This Note is an "Initial Purchaser Note" described in, and is subject to the terms and conditions set forth in, that certain Purchase and Sale Agreement, dated as of November 1, 2001 (as the same may be amended, supplemented, or otherwise modified in accordance with its terms, the "Purchase and Sale Agreement"), among the Originator, certain other originators and the Initial Purchaser. Reference is hereby made to the Purchase and Sale Agreement for a statement of certain other rights and obligations of the Initial Purchaser and the Originator. In the case of any conflict between the terms of this Note and the terms of the Purchase and Sale Agreement, the terms of the Purchase and Sale Agreement shall control.

2. Definitions. Capitalized terms used (but not defined) herein have the meanings ascribed thereto in the Purchase and Sale Agreement. In addition, as used herein, the following terms have the following meanings:

"Final Maturity Date" means the date that falls ninety one (91) days after the later of (x) the Sale Termination Date and (y) the Final Payout Date.

"Junior Liabilities" means all obligations of the Initial Purchaser to the Originator under this Note.

"Senior Agent" means the Administrator.

"Senior Interests" means (a) the undivided percentage ownership interests acquired by the Administrator pursuant to the Receivables Purchase Agreement, and (b) all obligations of the Initial Purchaser to the Senior Interest Holders, howsoever created, arising

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or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due on or before the Final Maturity Date.

"Senior Interest Holders" means, collectively, the Purchasers, the Administrator and the other Indemnified Parties.

"Subordination Provisions" means, collectively, clauses (a) through (k) of Section 7 hereof.

3. Interest. Subject to the Subordination Provisions, the Initial Purchaser promises to pay interest on the aggregate unpaid principal amount of this Note outstanding on each day (a) prior to the final payment in full and in cash of the Senior Interests, at a variable rate per annum equal to the Earned Discount Rate Percentage, determined as of the then most recent Reporting Date, and (b) after such final payment, at a variable rate per annum equal to the Alternate Base Rate, as determined by the Servicer.

4. Interest Payment Dates. Subject to the Subordination Provisions, the Initial Purchaser shall pay accrued interest on this Note on each Settlement Date and on the Final Maturity Date (or, if any such day is not a Business Day, the next succeeding Business Day). The Initial Purchaser also shall pay accrued

interest on the principal amount of each prepayment hereof on the date of each such prepayment.

5. Basis of Computation. Interest accrued hereunder shall be computed for the actual number of days elapsed on the basis of a 360-day year.

6. Principal Payment Dates. Subject to the Subordination Provisions, any unpaid principal of this Note shall be paid on the Final Maturity Date (or, if such date is not a Business Day, the next succeeding Business Day). Subject to the Subordination Provisions, the principal amount of and accrued interest on this Note may be prepaid on any Business Day without premium or penalty.

7. Subordination Provisions. The Initial Purchaser covenants and agrees, and the Originator, by its acceptance of this Note, likewise covenants and agrees, that the payment of all Junior Liabilities is hereby expressly subordinated in right of payment to the payment and performance of the Senior Interests to the extent and in the manner set forth in the following clauses of this Section 7:

(a) No payment or other distribution of the Initial Purchaser's assets of any kind or character, whether in cash, securities, or other rights or property, shall be made on account of this Note except to the extent such payment or other distribution is (i) permitted under the Receivables Purchase Agreement or (ii) made pursuant to Sections 4 or 6 of this Note;

(b) (i) In the event of any Event of Bankruptcy involving the Initial Purchaser, and (ii) on and after the occurrence of the Sale Termination Date, the Senior Interests shall

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first be paid and performed in full and in cash before the Originator shall be entitled to receive and to retain any payment or distribution in respect of the Junior Liabilities. In order to implement the foregoing: (x) all payments and distributions of any kind or character in respect of the Junior Liabilities to which the Originator would be entitled except for this subsection 7(b) shall be made directly to the Senior Agent (for the benefit of the Senior Interest Holders); and (y) the Originator hereby irrevocably agrees that the Senior Agent, in the name of the Originator or otherwise, may demand, sue for, collect, receive and receipt for any and all such payments or distributions, and file, prove and vote or consent in any such proceeding with respect to any and all claims of the Originator relating to the Junior Liabilities, in each case until the Senior Interests shall have been paid and performed in full and in cash.

(c) In the event that the Originator receives any payment or other distribution of any kind or character from the Initial Purchaser or from any other source whatsoever, in respect of the Junior Liabilities, other than as expressly permitted by the terms of this Note, such payment or other distribution shall be received in trust for the Senior Interest Holders and shall be turned over by the Originator to the Senior Agent (for the benefit of the Senior Interest Holders) forthwith until the Senior Interests have been paid in full. All payments and distributions received by the Senior Agent in respect of this Note, to the extent received in or converted into cash, may be applied by the Senior Agent (for the benefit of the Senior Interest Holders) first to the payment of any and all reasonable expenses (including, without limitation, reasonable attorneys' fees and other legal expenses) paid or incurred by the Senior Agent or the Senior Interest Holders in enforcing these Subordination Provisions, or in endeavoring to collect or realize upon the Junior Liabilities, and any balance thereof shall, solely as between the Originator and the Senior Interest Holders, be applied by the Senior Agent toward the payment of the Senior Interests in a manner determined by the Senior Agent to be in accordance with the Receivables Purchase Agreement; but as between the Initial Purchaser and its creditors, no such payments or distributions of any kind or character shall be deemed to be payments

or distributions in respect of the Senior Interests.

(d) Upon the final payment in full and in cash of all Senior Interests, the Originator shall be subrogated to the rights of the Senior Interest Holders to receive payments or distributions from the Initial Purchaser that are applicable to the Senior Interests until the Junior Liabilities are paid in full.

(e) These Subordination Provisions are intended solely for the purpose of defining the relative rights of the Originator, on the one hand, and the Senior Interest Holders, on the other hand. Nothing contained in the Subordination Provisions or elsewhere in this Note is intended to or shall impair, as between the Initial Purchaser, its creditors (other than the Senior Interest Holders) and the Originator, the Initial Purchaser's obligation, which is unconditional and absolute, to pay the Junior Liabilities as and when the same shall become due and payable in accordance with the terms hereof and of the Purchase and Sale Agreement or to affect the relative rights of the Originator and creditors of the Initial Purchaser (other than the Senior Interest Holders).

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(f) The Originator shall not, until the Senior Interests have been finally paid and performed in full and in cash, (i) cancel, waive, forgive, transfer or assign, or commence legal proceedings to enforce or collect, or subordinate to any obligation of the Initial Purchaser, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due, other than the Senior Interests, the Junior Liabilities, or any rights in respect thereof or (ii) convert the Junior Liabilities into an equity interest in the Initial Purchaser, unless, in the case of each of clauses (i) and (ii) above, the Originator shall have received the prior written consent of the Administrator in each case.

(g) The Originator shall not, without the advance written consent of the Administrator, commence, or join with any other Person in commencing, any proceedings related to an Event of Bankruptcy with respect to the Initial Purchaser until at least one year and one day shall have passed since the Senior Interests shall have been finally paid and performed in full and in cash.

(h) If, at any time, any payment (in whole or in part) made with respect to any Senior Interest is rescinded or must be restored or returned by a Senior Interest Holder (whether in connection with any Event of Bankruptcy or otherwise), these Subordination Provisions shall continue to be effective or shall be reinstated, as the case may be, as though such payment had not been made.

(i) Each of the Senior Interest Holders may, from time to time, at its sole discretion, without notice to the Originator, and without waiving any of its rights under these Subordination Provisions, take any or all of the following actions: (i) retain or obtain an interest in any property to secure any of the Senior Interests; (ii) retain or obtain the primary or secondary obligations of any other obligor or obligors with respect to any of the Senior Interests; (iii) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Senior Interests, or release or compromise any obligation of any nature with respect to any of the Senior Interests; (iv) amend, supplement, or otherwise modify any Transaction Document; and (v) release its security interest in, or surrender, release or permit any substitution or exchange for all or any part of any rights or property securing any of the Senior Interests, or extend or renew for one or more periods (whether or not longer than the original period), or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such rights or property.

(j) The Originator hereby waives: (i) notice of acceptance of these Subordination Provisions by any of the Senior Interest Holders;

(ii) notice of the existence, creation, non-payment or non-performance of all or any of the Senior Interests; and (iii) all diligence in enforcement, collection or protection of, or realization upon the Senior Interests, or any thereof, or any security therefor.

(k) These Subordination Provisions constitute a continuing offer from the Initial Purchaser to all Persons who become the holders of, or who continue to hold, Senior

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Interests; and these Subordination Provisions are made for the benefit of the Senior Interest Holders, and the Administrator may proceed to enforce such provisions on behalf of each of such Persons.

8. Amendments, Etc. No failure or delay on the part of the Originator in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No amendment, modification or waiver of, or consent with respect to, any provision of this Note shall in any event be effective unless (a) the same shall be in writing and signed and delivered by the Initial Purchaser and the Originator, and (b) all consents required for such actions under the Transaction Documents shall have been received by the appropriate Persons.

9. Limitation on Interest. Notwithstanding anything in this Note to the contrary, the Initial Purchaser shall never be required to pay unearned interest on any amount outstanding hereunder, and shall never be required to pay interest on the principal amount outstanding hereunder, at a rate in excess of the maximum interest rate that may be contracted for, charged or received without violating applicable federal or state law.

10. No Negotiation. This Note is not negotiable.

11. Governing Law. THIS NOTE SHALL GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

12. Captions. Paragraph captions used in this Note are provided solely for convenience of reference only and shall not affect the meaning or interpretation of any provision of this Note.

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IN WITNESS WHEREOF, the undersigned has caused this Note to be executed by its officer thereunto duly authorized on the date first above written.

CONMED RECEIVABLES CORPORATION

By: _____
Title: _____

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DEMAND NOTE

November 1, 2001

The undersigned, CONMED CORPORATION, a New York corporation (the "Originator"), for value received, promises to pay to the order of CONMED RECEIVABLES CORPORATION, a Delaware corporation (the "Initial Purchaser"), ON DEMAND, the aggregate unpaid principal amount of all loans made by the Initial Purchaser to the Originator (the "Originator Loans") together with accrued interest on such amounts from time to time outstanding hereunder at the rate provided below. Such amounts as shown in the records of the Servicer (as such term is defined in the Purchase and Sale Agreement referred to below) will be rebuttable presumptive evidence of the principal amount owing under this Demand Note.

The unpaid principal amount of each Originator Loan from time to time outstanding shall bear interest (which also shall be payable ON DEMAND) from (and including) the date on which such Originator Loan was made to (but excluding) the date on which such Originator Loan is paid in full (a) prior to the final payment in full and in cash of the Senior Interests (as such term is defined in the Initial Purchaser Note), at a variable rate per annum equal to the Earned Discount Rate Percentage, determined as of the then most recent Payment Date, and (b) after such final payment, at a variable rate per annum equal to the Alternative Base Rate, as determined by the Servicer. Interest hereunder shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days.

This Demand Note is an Originator Note described in, and is subject to the terms and conditions set forth in, that certain Purchase and Sale Agreement, dated as of November 1, 2001 (as the same may at any time be amended, supplemented, or otherwise modified from time to time in accordance with its terms, the "Purchase and Sale Agreement"), among the Initial Purchaser, the Originator and the other originators party thereto. Reference is hereby made to the Purchase and Sale Agreement for a statement of certain other rights and obligations of the Initial Purchaser. All capitalized terms used but not otherwise defined herein have the meanings assigned thereto in the Purchase and Sale Agreement.

All payments of principal and interest hereunder are to be made in lawful money of the United States of America in same day funds to the account designated from time to time by the Servicer to the Initial Purchaser.

In addition to and not in limitation of the foregoing, the Originator further agrees, subject to any limitation imposed by applicable law, to pay all expenses, including without limitation

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reasonable attorney fees, incurred by the holder of this Demand Note in seeking to collect any amounts payable hereunder which are not paid when due.

No failure or delay on the part of the Initial Purchaser or any other holder of this Demand Note in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Originator shall entitle it to any notice or demand in similar or other circumstances. No amendment, modification or waiver of, or consent with respect to, any provision of this Demand Note shall in any event be effective unless (i) the same shall be in writing and signed and delivered by the holder hereof and (ii) all consents required for such action under the Transaction Documents shall have been given by the appropriate Persons.

Upon the occurrence of any Event of Bankruptcy with respect to the

Originator, the principal balance hereof and all interest accrued hereon shall be immediately due and payable, without demand, presentment, protest or notice of dishonor.

Notwithstanding anything in this Demand Note to the contrary, the Originator shall never be required to pay unearned interest on any amount outstanding hereunder, and shall never be required to pay interest on the principal amount outstanding hereunder, at a rate in excess of the maximum nonusurious interest rate that may be contracted for, charged or received under applicable federal or state law.

THIS DEMAND NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

[NAME OF ORIGINATOR]

By: _____
Title: _____

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PAY TO THE ORDER OF Fleet Securities, Inc., as Administrator, pursuant to that certain Receivables Purchase Agreement dated as of November 1, 2001, as the same may be further amended, supplemented, or otherwise modified from time to time.

CONMED RECEIVABLES CORPORATION

By: _____
Title: _____

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RECEIVABLES PURCHASE AGREEMENT

Dated as of November 1, 2001

Among

CONMED RECEIVABLES CORPORATION

as Seller

and

CONMED CORPORATION

as initial Servicer

and

BLUE KEEL FUNDING, LLC

as Conduit Purchaser

and

FLEET NATIONAL BANK

as Committed Purchaser

and

FLEET SECURITIES, INC.

as Administrator

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RECEIVABLES PURCHASE AGREEMENT

Dated as of November 1, 2001

THIS IS A RECEIVABLES PURCHASE AGREEMENT, among CONMED RECEIVABLES CORPORATION, a New York corporation ("Seller"), CONMED CORPORATION, a New York corporation ("Parent"), as initial Servicer, BLUE KEEL FUNDING, LLC, a Delaware limited liability company (the "Conduit Purchaser"), FLEET NATIONAL BANK, a national banking association (together with any other financial institution hereafter party hereto, each a "Committed Purchaser", and collectively with the Conduit Purchaser, the "Purchasers") and FLEET SECURITIES, INC., a New York corporation ("Fleet Securities"), 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 Conduit Purchaser may (and if Conduit Purchaser does not, Committed 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.

6. Fleet Securities has been requested, and is willing, to act as the Administrator.

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

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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 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 Conduit Purchaser may, in its sole discretion, fund each Purchase. If Conduit Purchaser elects not to fund such Purchase, each Committed 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 Committed 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 \$1,000,000.

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, Conduit Purchaser (or, if Conduit Purchaser has elected not to fund such Purchase, each Committed 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 wire-transfer immediately available funds to an account designated by Seller in the related Purchase Notice.

(c) Assignment of Asset Interest. Seller hereby sells, assigns and transfers to Administrator, for the benefit of Purchasers, the Asset Interest.

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;

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(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;

(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

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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:

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 Conduit Purchaser's option to fund, and each Committed 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 Committed 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:

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(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 Obligor shall be calculated as if such Obligor were one Obligor.

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:

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(a) Servicer Report; Weekly Report. On or before the tenth (10th) calendar day (or if 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 containing the information described in Exhibit 3.01(a) (each, a "Servicer Report"). On or before the close of business on each Tuesday (or if such day is not a Business Day, the next succeeding Business Day) prior to the Final Payment Date, Servicer shall deliver to the Administrator a report for the immediately preceding calendar week containing the information described in Exhibit 3.01(a)-W (each, a "Weekly Report").

(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).

(c) Settlement Date Procedure - Reinvestment Period. On the second Business Day after each Reporting Date (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;

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(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 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

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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 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:

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(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), and

(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.

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# 011 000 138, account # 940 518 9033; attention: Blue Keel.

(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

FEEES 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

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(x) to increase the cost to or to impose a cost on an Affected Party funding or making or maintaining any Purchases or Reinvestments, any purchases, reinvestments, or loans or other extensions of credit under any Program Agreement, 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 under any Program Agreement with respect thereto, or

(z) to reduce the rate of return on the capital of an Affected Party as a consequence of its obligations hereunder or under any Program Agreement 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, but without duplication of any other similar additional amounts due under any other Program Agreement.

(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, (ii) any Purchase not being made in accordance with a request therefor under Section 1.02, or (iii) any reduction in the Capital that was funded on the date of the initial Purchase prior to the Settlement Date occurring in January of 2002, 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

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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 Initial Purchase. The initial Purchase hereunder is subject to the condition precedent that the Administrator shall have received, on or before the date of such Purchase, 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, 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 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, each Originator 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-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 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 Administrator, for the benefit of Purchasers, as the secured party and purchaser, or other, similar instruments or documents, as may be necessary or, in the opinion of the 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 the Administrator listing all effective financing statements that name any Originator as debtor or assignor and

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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 a Person satisfactory to Servicer and the 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) Opinions of (i) Sullivan & Cromwell, counsel to Parent, the Originator and Seller, in substantially the forms of Exhibits 5.01(g)-1 and 5.01(g)-2, respectively and (ii) special Florida and Canadian counsel reasonably satisfactory to the Administrator covering such matters as the Administrator may request;

(h) 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;

(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 the Administrator to the extent 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, duly executed by Purchaser, the Liquidity Agent and each Liquidity Bank; and

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

SECTION 5.02. 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:

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(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.

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(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 constitutes a valid transfer and assignment of the Asset Interest to the Administrator, for the benefit of Purchasers; 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 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

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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.

(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 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.

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(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 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

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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.

(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, 1988, December 31, 1999 and December 31, 2000, and the related consolidated statements of income and cash flows for the fiscal years ended on such dates

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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, 2001 and June 30, 2001, 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, 2001 or June 30, 2001), 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, 2001 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.

(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 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.

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(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 Obligor 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) \$223,406,000 plus (ii) 75% of Consolidated Net Income since June 30, 2001 plus (iii) Net Cash Proceeds from the sale of Capital Stock of Parent on a cumulative basis since June 30, 2001.

(l) Availability. Parent will at all times maintain undrawn commitments under the Credit Agreement that are available to Parent in an amount not less than an amount equal to (A) the greater of (i) \$5,000,000 and (ii) the aggregate Dilutions for the most recently ended month, minus (B) the amount of cash and cash equivalents (as determined pursuant to GAAP) of Parent and its Subsidiaries as of the date of determination..

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

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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 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;

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(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 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

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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.

(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

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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, the Program Support Providers 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 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;

(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.

(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.

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(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 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

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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 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 Obligor 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 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 SECURITIES, INC., AS ADMINISTRATOR, PURSUANT TO A RECEIVABLES PURCHASE AGREEMENT, DATED AS OF NOVEMBER 1, 2001, AMONG CONMED CORPORATION, CONMED RECEIVABLES CORPORATION, BLUE KEEL FUNDING, LLC, FLEET NATIONAL BANK AND FLEET SECURITIES, INC., 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 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.

(e) Lock-Box Agreement. On or before December 26, 2001, Servicer shall cause a Lock-Box Agreement in form and substance reasonably satisfactory to the Administrator to be executed by Servicer, Seller and Royal Bank of Canada and delivered to the Administrator.

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.

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

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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 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

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(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. Pursuant to the Program Agreements, each Purchaser has appointed and authorized 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 thereto.

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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 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; provided, however, that, without such consent, Conduit Purchaser may assign all of its rights and interests in the Transaction Documents, together with all its interest in the Asset Interest, to (i) Fleet or any Subsidiary thereof, or (ii) to any "bankruptcy remote" special purpose entity the business of which is administered by Fleet or any Subsidiary thereof, so long as such entity has the ability to issue commercial paper notes, or to cause

the issuance of commercial paper notes, to fund the Asset Interest or (iii) to any Liquidity Bank (or agent on behalf of the Liquidity Banks). If Conduit Purchaser notifies Seller and Parent that it has decided to assign its rights and delegate its duties hereunder to the Liquidity Banks (or an agent therefor) and the Liquidity Banks agree to assume the obligations of the Conduit Purchaser hereunder, Seller and Parent agree to enter into such amendments hereto and to the other Transaction Documents as the Administrator may reasonably request to reflect such assignment and delegation.

(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.

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 Program Support Provider, 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 Obligor (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:

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(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 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

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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.

(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. The parties acknowledge that, before entering into such an amendment or granting such a waiver or consent, Conduit Purchaser may also be required to obtain the approval of some or all of the Program Support Providers or to obtain

confirmation from certain rating agencies that such amendment, waiver or consent will not result in a withdrawal or reduction of the ratings of the Commercial Paper Notes.

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

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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.

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, any Program Support Provider 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. No Proceedings; Limitations on Recourse. Seller, Parent, Servicer and Fleet Securities (individually and as Administrator) each hereby agrees that it will not institute against Conduit Purchaser, or join any other Person in instituting against Conduit Purchaser, any insolvency proceeding (namely, any proceeding of the type referred to in the definition of Event of Bankruptcy) so long as any Commercial Paper Notes shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Commercial Paper Notes shall have been outstanding. The parties hereto agree that Conduit Purchaser shall have no obligations to make any payments hereunder (collectively, "Purchaser Payments"), and that such Purchaser Payments shall not constitute a claim against Conduit Purchaser as defined in ss.101 of the Bankruptcy Code, unless and until Conduit Purchaser has amounts sufficient to pay such Purchaser Payments from the Asset Interest or pursuant to the Liquidity Agreement and such amounts are not required to repay Commercial Paper Notes of Conduit Purchaser or loans to Conduit Purchaser funded by Commercial Paper Notes. Conduit Purchaser shall not have any obligation to pay any amounts owing hereunder unless and until Conduit Purchaser has received such amounts.

SECTION 14.07. Confidentiality of Program Information.

(a) Confidential Information. Each party hereto acknowledges that Fleet Securities 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 Fleet Securities 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 14.07), (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 operations of Purchaser generally or the services performed by the Administrator for Purchaser, or (C) any information which is furnished by Fleet Securities to such party and which is designated by Fleet Securities 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 Fleet Securities, all documents or other written material (other than documents executed by such party) received

from Fleet Securities, 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 14.07 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 Fleet Securities or were known to such party on a nonconfidential basis prior to its disclosure by Fleet Securities.

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

(ii) unless Fleet Securities 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 Program Information on the basis that such Program 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 Fleet Securities waives compliance with the provisions of this Section 14.07, such party will furnish only that portion of 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 14.07 shall survive termination of this Agreement.

SECTION 14.08. 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:

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(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 14.08), 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 14.08), (VI) to the Rating Agencies, or (VII) to any potential Liquidity Bank or any potential assignee or participant of any Liquidity Bank (provided such Person has agreed to be bound by the terms of this Section 14.08), and any placement agent for, or investor or potential investor in, the

Commercial Paper Notes; 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 14.08 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 14.08; and

(ii) unless Parent waives compliance by such party with the provisions of this Section 14.08, 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 14.08.

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In the event that such protective order or other remedy is not obtained, or Parent waives compliance with the provisions of this Section 14.08, 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 14.08 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 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,

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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 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. No Recourse Against Other Parties. No recourse under any obligation, covenant or agreement of Conduit Purchaser contained in this Agreement shall be had against any stockholder (solely in its capacity as stockholder), employee, officer, director, member or incorporator of Conduit Purchaser, provided, however, that nothing in this Section 14.15 shall relieve any of the foregoing Persons from any liability which such Person may otherwise have for his/her or its gross negligence, bad faith or willful misconduct.

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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: _____

BLUE KEEL FUNDING, LLC,
as Conduit Purchaser

By: _____
Name Printed: _____
Title: _____

FLEET NATIONAL BANK,
as Committed Purchaser

Commitment: \$50,000,000

By: _____
Name Printed: _____
Title: _____

FLEET SECURITIES, INC., as Administrator

By: _____
Name Printed: _____
Title: _____

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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 Linvatec Corporation)
- 6335 Millcreek Drive
Unit 4
Mississauga, Ontario L5N 2M2

Canada
(for Linvatec 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 AGREEMENTS

The Chase Manhattan Bank

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

Fleet National Bank

Account No.: 7015046907

SCHEDULE 7.01(g)
DESCRIPTION OF CREDIT AND COLLECTION POLICY

(see attached)

SCHEDULE 14.02
NOTICE ADDRESSES

Conduit Purchaser:

Blue Keel Funding, LLC
c/o Global Securitization Services, LLC
25 West 43rd Street, Suite 704
New York, New York 10036

Telephone: 212/302-5157
Facsimile: 212/302-8767

with a copy to the Administrator

Administrator:

Fleet Securities, Inc.
100 Federal Street
11th Floor
Boston, Massachusetts 02110

Attention: Paul M. Schmieder

Telephone: 617/434-3064

Facsimile: 617/434-5719

Committed Purchaser:

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

Attention: David Kavney

Telephone: 315/426-4343
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

EXHIBIT 5.01(f)
FORM OF LOCK-BOX AGREEMENT

[Letterhead of Seller]

LOCK-BOX AGREEMENT

_____, 20__

[Name and Address of

Lock-Box Bank]

Ladies and Gentlemen:

1

Reference is made to our [lock-box]*/ account[s] no[s]. maintained with you (the "Account[s]"). Pursuant to a Receivables Purchase Agreement dated as of November 1, 2001 among us, as Seller, Blue Keel Funding, LLC ("Blue Keel"), as Conduit Purchaser, CONMED Corporation, as Servicer, Fleet National Bank, as Committed Purchaser, and Fleet Securities, Inc., as administrator (the "Administrator"), we have assigned and/or may hereafter assign to the Administrator, for the benefit of Blue Keel and its assigns, one or more undivided percentage interests in accounts, chattel paper, instruments or general intangibles (collectively, "Receivables") with respect to which payments are or may hereafter be made to the Account[s], and have granted to the Administrator, for the benefit of Blue Keel and its assigns, a security interest in such Receivables, the Account[s], amounts on deposit therein and related property. Your execution of this letter agreement is a condition precedent to our continued maintenance of the Account[s] with you.

We hereby transfer exclusive ownership and control of the Account[s] to the Administrator on behalf of Blue Keel and its assigns, subject only to the condition subsequent that the Administrator shall have given you notice of its election to assume such ownership and control, which notice may be in the form attached hereto as Exhibit A or in any other form that gives you reasonable notice of such election. Prior to the giving of such notice, you shall continue to act on our instructions.

We hereby irrevocably instruct you, at all times from and after the date of your receipt of notice from the Administrator as described above, to make all payments to be made by you out of or in connection with the Account[s] directly to the Administrator, at its address set forth below its signature hereto or as the Administrator otherwise notifies you, for the account of Blue Keel (account # _____, ABA # _____), or otherwise in accordance with the instructions of the Administrator.

We also hereby notify you that, at all times from and after the date of your receipt of notice from the Administrator as described above, the Administrator shall be irrevocably entitled to exercise in our place and stead any and all rights in respect of or in connection with the Account[s], including, without limitation, (a) the right to specify when payments are to be made out of or in connection with the Account[s] and (b) the right to require preparation of duplicate monthly bank statements on the Account[s] for the Administrator's audit purposes and mailing of such statements directly to an address specified by the Administrator.

Notice from the Administrator may be personally served or sent by facsimile or U.S. mail, certified return receipt requested, to the address or facsimile number set forth under your signature to this letter agreement (or to such other address or facsimile number as to which you shall notify the Administrator in writing). If notice is given by facsimile, it will be deemed to have been received when the notice is sent and the receipt is confirmed by telephone or other electronic means. All other notices will be deemed to have been received when actually received or, in the case of personal delivery, delivered.

*/ Delete in the case of direct wire transfer accounts.

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By executing this letter agreement, you acknowledge and consent to the existence of the Administrator's right to ownership and control of the Account[s] and the Administrator's security interest in the Account[s] and amounts from time to time on deposit therein and agree that from the date hereof

the Account[s] shall be maintained by you for the benefit of, and amounts from time to time therein held by you as agent for, the Administrator on the terms provided herein. The Account[s] [is/are] to be titled "CONMED Receivables Corporation and Fleet Securities, Inc. as the Administrator for Blue Keel, Fleet National Bank and their respective assigns, as their interests may appear". Except as otherwise provided in this letter agreement, payments to the Account[s] are to be processed in accordance with the standard procedures currently in effect. All service charges and fees with respect to the Account[s] shall continue to be payable by us as under the arrangements currently in effect.

By executing this letter agreement, you irrevocably waive and agree not to assert, claim or endeavor to exercise, irrevocably bar and estop yourself from asserting, claiming or exercising, and acknowledge that you have not heretofore received a notice, writ, order or any form of legal process from any other person or entity asserting, claiming or exercising, any right of set-off, banker's lien or other purported form of claim with respect to [any of] the Account[s] or any funds from time to time therein. Except for your right to payment of your service charges and fees and to make deductions for returned items, you shall have no rights in the Account[s] or funds therein. To the extent you may ever have such rights, you hereby expressly subordinate all such rights to all rights of the Administrator.

You may terminate this letter agreement by canceling the Account[s] maintained with you, which cancellation and termination shall become effective only upon thirty days' prior written notice thereof from you to the Administrator. Incoming [mail addressed to] [wire transfers to] the Account[s] received after such cancellation shall be forwarded in accordance with the Administrator's instructions. This letter agreement may also be terminated upon written notice to you by the Administrator stating that the Receivables Purchase Agreement pursuant to which this letter agreement was obtained is no longer in effect. Except as otherwise provided in this paragraph, this letter agreement may not be terminated or amended without the prior written consent of the Administrator. This letter agreement may be executed in any number of counterparts, and by the parties hereto on separate counterparts, each of 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.

Please acknowledge your agreement to the terms set forth in this letter agreement by signing the two copies of this letter agreement enclosed herewith in the space provided below, sending one such signed copy to the Administrator at its address provided above and returning the other signed copy to us.

Very truly yours,

CONMED RECEIVABLES CORPORATION

By: _____
Name Printed: _____
Title: _____

Acknowledged and agreed to
as of the date first
written above:

BLUE KEEL FUNDING, LLC

By: _____
Name Printed: _____
Title: _____

FLEET SECURITIES, INC., as Administrator

By: _____
Name Printed: _____
Title: _____

Address for notice:

Fleet Corporate Finance
Mail Stop MA-DE-100-11F
100 Federal Street, Eleventh Floor
Boston, Massachusetts 02110

Tel. No. 617/434-1522
Facsimile No. 617/434-5719

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[NAME OF LOCK-BOX BANK]

By: _____
Name Printed: _____
Title: _____

Address for notice:

By: _____
Name Printed: _____
Title: _____

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EXHIBIT A to
Lock-Box Agreement

[Letterhead of Fleet National Bank]

[Name and Address
of Lock-Box Bank]

Re: CONMED Receivables Corporation
[Lock-Box]**/ Account No[s]. [and]

Ladies and Gentlemen:

Reference is made to the letter agreement dated , 20____(the "Letter Agreement") among CONMED Receivables Corporation, Blue Keel Funding, LLC ("Blue Keel"), the undersigned, as Administrator and you concerning the above described [lock-box]* account[s] (the "Account[s]"). We hereby give you notice of our assumption of ownership and control of the Account[s] as provided in the Letter Agreement.

We hereby instruct you to make all payments to be made by you out of or in connection with the Account[s] [directly to the undersigned, at [our address set forth above], for the account of Blue Keel (account no.)].

[other instructions]

Very truly yours,

FLEET SECURITIES, INC., as Administrator

By:

Name Printed: -----

Title: -----

cc: CONMED Receivables Corporation

**/ Delete in the case of direct wire transfer accounts.

APPENDIX A

DEFINITIONS

This is Appendix A to the Receivables Purchase Agreement dated as of November 1, 2001 among CONMED Receivables Corporation, as Seller, Blue Keel Funding, LLC, as Conduit Purchaser, CONMED Corporation, as initial Servicer, Fleet National Bank, as Committed Purchaser, and Fleet Securities, Inc., 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 100 Federal Street, Eleventh Floor, Boston, Massachusetts 02110 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, each Program Support Provider, any assignee or participant of any Purchaser or any Program Support Provider, Fleet Securities, any successor to Fleet Securities 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, except, when used with respect to the Conduit Purchaser, Affiliate shall mean the holder(s) of its limited liability company interests.

"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 Liquidity Agent in Boston, Massachusetts, as its prime rate; and

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

The Alternate Base Rate is not necessarily intended to be the lowest rate of interest determined by the Liquidity Agent 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.

"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 and Chicago, Illinois 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

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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 Liquidity Banks and 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).

"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.

"Commercial Paper Holders" means the holders from time to time of the Commercial Paper Notes.

"Commercial Paper Notes" means short-term promissory notes issued or to be issued by Conduit Purchaser, or the proceeds of which are loaned to Conduit Purchaser, to fund its investments in accounts receivable or other financial assets.

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

"Commitment" means with respect to any Committed Purchaser, the amount listed opposite such Committed 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 Liquidity Commitment Amount 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.

"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 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		3.0%

"Conduit" means any entity that issues Commercial Paper Notes the proceeds of which are loaned to Conduit Purchaser to fund its investments in accounts receivable or other financial assets.

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

"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 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 any net non-cash adjustments to such amounts after August 11, 1999 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.

"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

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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.

"Cost of Funds Rate" means with respect to any Settlement Period (or portion thereof), the per annum rate equivalent to the weighted average of the per annum rates which may be paid or payable by such Conduit Purchaser from time to time as interest on or otherwise (by means of Hedge Agreements or otherwise) in respect of those commercial paper notes issued by or on behalf of such Conduit Purchaser that are allocated in whole or in part by or on behalf of such Conduit Purchaser to fund or maintain Purchases during such Settlement Period as determined by or on behalf of such Conduit Purchaser, which rates shall reflect and give effect to the commissions of placement agents and dealers in respect of such commercial paper notes and to net payments owed or received by such Conduit Purchaser under any Hedge Agreements entered into by such Conduit Purchaser in connection with such allocated commercial paper; provided, however, that if any component of such rate is a discount rate, in calculating the "Cost of Funds Rate" for such Settlement Period for the purposes of this definition, the Conduit Purchaser shall for such component use the rate resulting from converting such discount rate into an interest bearing equivalent rate per

annum.

"Credit Agreement" means the Amended and Restated Credit Agreement among Parent, as Borrower, the several lenders from time to time party thereto, Chase Securities, Inc., as Sole Book-Manager, Lead Arranger and as Syndication Agent, Salomon Smith Barney, Inc., as Documentation Agent, and The Chase Manhattan Bank, as Administrative Agent, dated as of August 11, 1999.

"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.

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

"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.

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"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.

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

"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:

(a) in the case of any portion of the Capital funded by a Liquidity Funding, the greater of (1) the sum of (i) the Eurodollar Rate (Reserve Adjusted) for such Settlement Period, plus (ii) 1.25% per annum and (2) the then applicable interest rate pursuant to the Credit Agreement; and

(b) in the case of any portion of the Capital funded by any Commercial Paper Notes, the Cost of Funds Rate for such Settlement

Period;

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

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annum and (ii) the Eurodollar Rate (Reserve Adjusted) for such Settlement Period plus 3.25% per annum.

"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, provided that if the Servicer fails to perform its obligation pursuant to Section 8.05(e) of the Agreement, no Receivables originated by Linvatec Canada ULC will be Eligible Receivables until the Servicer has delivered to the Administrator the Lock-Box Agreement described therein;

(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;

(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;

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(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.

"Eurodollar 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.

"Eurodollar Rate (Reserve Adjusted)" means, with respect to any Settlement Period and any portion of the Capital, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined pursuant to the following formula:

$$\begin{array}{lcl} \text{Eurodollar Rate} & = & \text{Eurodollar Rate} \\ \text{(Reserve Adjusted)} & & \frac{1 - \text{Eurodollar}}{\text{Reserve Percentage}} \end{array}$$

where:

"Eurodollar Rate" means, with respect to any Settlement Period and any portion of the Capital, the rate per annum at which Dollar deposits in immediately available funds are offered to the Eurodollar Office of the Administrator two Eurodollar Business Days prior to the beginning of such period by prime banks in the interbank eurodollar market at or about 11:00 a.m., New York City time

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for delivery on the first day of such Settlement Period, for the number of days comprised therein and in an amount equal or comparable to the applicable portion of the Capital for such Settlement Period.

"Eurodollar Reserve Percentage" means, with respect to any Settlement Period, the then maximum reserve percentage (expressed as a decimal, rounded upward to the nearest 1/100th of 1%) prescribed by the Federal Reserve Board for determining the maximum reserve requirements applicable to "Eurocurrency Liabilities" pursuant to Regulation D having a term comparable to such Settlement Period.

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

(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 undismissed, 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 undismissed 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.

"Excess Default Ratio" means the ratio (expressed as a percentage) computed as of a Cut-Off Date by dividing (x) the aggregate Unpaid Balance of all Defaulted Receivables as of such Cut-Off Date by (y) the aggregate Unpaid Balance of all Eligible Receivables as of such Cut-Off Date.

"Excess Default Reserve Percentage" means the amount, if any, by which the Excess Default Ratio exceeds 10%.

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

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"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 Fleet Securities 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.

"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.

"Fleet Securities" has the meaning set forth in the preamble.

"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,

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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 Writeoffs" 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 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.

"Hedge Agreements" means any financial futures contract, option,

forward contract, warrant, swap, swaption, collar, floor, cap and other agreement, instrument and derivative and other transactions of a similar nature (whether currency linked, rate linked, index linked, insurance risk linked, credit risk linked or otherwise) entered into by or on behalf of a Conduit Purchaser.

"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

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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.

"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.

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"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, 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.

"Liquidity Agent" means Fleet National Bank, as agent for the Liquidity Banks under the Liquidity Agreement, or any successor to Fleet National Bank in such capacity.

"Liquidity Agreement" means and includes the Liquidity Agreement dated as of November 1, 2001 among Conduit Purchaser, Fleet National Bank, as Liquidity Agent, and certain financial institutions, party thereto as liquidity providers, and any other agreement hereafter entered into by Conduit Purchaser providing for the making of loans, purchases or undivided interests or other extensions of credit to Conduit Purchaser to support all or part of Conduit Purchaser's payment obligations with respect to the Commercial Paper Notes or to provide an alternate means of funding Purchaser's investments in accounts receivable or other financial assets.

"Liquidity Bank" means any one of, and "Liquidity Banks" means all of, Fleet National Bank and the other financial institutions that are at any time parties to a Liquidity Agreement as liquidity providers.

"Liquidity Commitment Amount" means, at any time, the then aggregate amount of the Liquidity Banks' commitments under the Liquidity Agreement.

"Liquidity Funding" means a loan or purchase made by the Liquidity Bank (or simultaneous loans or purchases made by the Liquidity Banks) pursuant to a Liquidity Agreement.

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

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"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.

"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.

"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 10% of the Unadjusted Net Pool Balance.

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

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

"Overdue Receivable" means a Receivable that remains unpaid for more than 90 (or, in the case of a Receivable owed by an Obligor that is not a resident of the United States, 120) days from the original invoice date for such Receivable, or that has been charged off before it has become 91

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(or, in the case of a Receivable owed by an Obligor that is not a resident of the United States, 121) days past due.

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

"Percentage" means, with respect to any Committed Purchaser, the ratio, expressed as a percentage, of (i) such Committed Purchaser's Commitment divided by (ii) the aggregate Commitments of all of the Committed 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 Agreement" means each Liquidity Agreement, each agreement pursuant to which Conduit Purchaser obtains funding, through the issuance of Commercial Paper Notes or otherwise, and each other agreement entered into by Conduit Purchaser in connection with its securitization program.

"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 14.07.

"Program Support Provider" means each of each entity that issues Commercial Paper Notes, each Liquidity Bank and the Administrator.

"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.

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"Purchase Agreement" means the Purchase and Sale Agreement, dated as of November 1, 2001, among Seller and the Originators.

"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" means any of Conduit Purchaser and any Committed Purchaser.

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

"Rating Agencies" at any time means those rating agencies then rating the Commercial Paper Notes.

"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.

"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.

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"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 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, an amount equal to the sum of (1) 15% plus (2) the most recently calculated Excess Default Reserve Percentage.

"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

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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.

"S&P" means Standard & Poor's Ratings Services.

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

"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.

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"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.

"Termination Date" means the earliest of

(a) the date of termination (whether by scheduled expiration, termination on default or otherwise) of any Liquidity Bank's Commitment under the Liquidity Agreement;

(b) the Purchase Termination Date;

(c) with respect to Conduit Purchaser, November 1, 2006, and with respect to each Committed Purchaser, the date of the termination of such Committed Purchaser's commitment under the Liquidity Agreement; 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.

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"Weekly Report" has the meaning set forth in Section 3.01(a).

"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.

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 -----
Owens & Minor	6%

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Exhibit B

Permitted Countries

PART I:

England
France
Italy
Germany
Japan

PART II:

Australia
Austria
Belgium
Bermuda
Denmark
Finland
Greece
The Netherlands

Hong Kong
Iceland
Ireland
Luxembourg
New Zealand
Norway
Portugal
Singapore
Spain

Sweden
Switzerland
Taiwan

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