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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE TO

TENDER OFFER STATEMENT
UNDER SECTION 14(D)(1) OR 13(E)(1) OF THE SECURITIES EXCHANGE ACT OF 1934

NEW ENGLAND BUSINESS SERVICE, INC.
(Name of Subject Company)

HUDSON ACQUISITION CORP.
and
DELUXE CORPORATION
(Name of Filing Persons (Offeror))

COMMON STOCK, PAR VALUE $1.00 PER SHARE
(Title of Class of Securities)

643872104
(CUSIP Number of Class of Securities)

ANTHONY C. SCARFONE
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
DELUXE CORPORATION
3680 VICTORIA ST. N.
SHOREVIEW, MINNESOTA 55126-2966
(651) 483-7122
(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing person)

COPIES TO:

ROBERT A. ROSENBAUM, ESQ.
DORSEY & WHITNEY LLP
SUITE 1500
50 SOUTH SIXTH STREET
MINNEAPOLIS, MINNESOTA 55402
(612) 340-5681

CALCULATION OF FILING FEE

TRANSACTION VALUATION*	AMOUNT OF FILING FEE**
$630,612,122.78	$126,122.42

* Estimated for purposes of calculating the amount of the filing fee only. The fee was calculated by multiplying $44.00 (the per share tender offer price) by the 13,338,775 currently outstanding shares of Common Stock sought in the Offer, which gives an aggregate consideration of $586,906,100 (the "Common Stock Consideration"). The Common Stock Consideration was then added to $43,706,022.78, being the net consideration for the Subject Company's 2,085,410 stock options, to arrive at a total transaction value of $630,612,122.78.

** Calculated as 0.02% of the transaction value pursuant to Rule 0-11(d).

o Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:	Filing Party:
Form or Registration No.:	Date Filed:

o Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes to designate any transactions to which the statement relates:

ý third-party tender offer subject to Rule 14d-1.

o issuer tender offer subject to Rule 13e-4.

o going-private transaction subject to Rule 13e-3.

o amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: o

This Tender Offer Statement on Schedule TO (this "Schedule TO") relates to the offer by Hudson Acquisition Corp., a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Deluxe Corporation, a Minnesota corporation ("Parent"), to purchase all of the outstanding shares of Common Stock, par value $1.00 per share (the "Common Shares"), of New England Business Service, Inc., a Delaware corporation (the "Company"), including the associated rights ("Rights") to purchase shares of preferred stock of the Company issued pursuant to the Amended and Restated Rights Agreement (the "Rights Agreement"), dated October 20, 1994 as amended as of November 1, 2001 and May 17, 2004, between the Company and EquiServe Trust Company, N.A., as rights agent (the Common Shares, together with the Rights, the "Shares"), at a purchase price of $44.00 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated May 25, 2004 (the "Offer to Purchase") and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), which Offer to Purchase and Letter of Transmittal are annexed to this Schedule TO as Exhibits (a)(1)(A) and (a)(1)(B), respectively. This Schedule TO is being filed on behalf of Purchaser and Parent.

The information set forth in the Offer to Purchase and the related Letter of Transmittal is incorporated herein by reference with respect to Items 1-9 and 11 of this Schedule TO. The Agreement and Plan of Merger, dated as of May 17, 2004, by and among Parent, Purchaser and the Company, a copy of which is attached to this Schedule TO as Exhibit (d)(1) hereto, is incorporated herein by reference with respect to Items 1-9 of this Schedule TO.

ITEM 10. FINANCIAL STATEMENTS.

Not applicable.

ITEM 12. EXHIBITS.

(a) (1)(A) Offer to Purchase dated May 25, 2004.

(a) (1)(B) Form of Letter of Transmittal.

(a) (1)(C) Form of Notice of Guaranteed Delivery.

(a) (1)(D) Form of Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(a) (1)(E) Form of Letter from Goldman, Sachs & Co. to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(a) (1)(F) Form of Letter from Brokers, Dealers, Commercial Banks, Trust Companies and Nominees to Clients.

(a) (5)(A) Summary Advertisement as published in The Wall Street Journal on May 25, 2004.

(a) (5)(B) Press Release issued by Parent on May 17, 2004 (incorporated by reference to Exhibit 99.1 to the Schedule TO-C of Purchaser and Parent filed on May 17, 2004).

(a) (5)(C) Transcript of conference call held by Parent on May 17, 2004 relating to the proposed acquisition of the Company by Parent (incorporated by reference to Exhibit 99.1 to the Schedule TO-C of Purchaser and Parent filed on May 17, 2004).

(a) (5)(D) Press release issued by the Company on May 17, 2004 (incorporated by reference to Exhibit 99.1 to the Schedule 14D-9 filed by the Company on May 17, 2004).

(b) Credit Agreement, dated as of May 24, 2004, by and between Parent, Bank One, NA, The Bank of New York and Wachovia Bank, National Association.

(d) (1) Agreement and Plan of Merger, dated as of May 17, 2004, by and among Parent, Purchaser, and the Company.

(d) (2) Confidentiality Agreement, dated as of February 12, 2004, by and between the Company and Parent.

(g) None.

(h) None.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3.

Not applicable.

SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DELUXE CORPORATION

By: /s/ ANTHONY C. SCARFONE

Anthony C. Scarfone
Senior Vice President, General Counsel and Secretary

HUDSON ACQUISITION CORP.

By: /s/ ANTHONY C. SCARFONE

Anthony C. Scarfone
Executive Vice President and Secretary

Dated: May 25, 2004

EXHIBIT INDEX

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(d)(1)	Agreement and Plan of Merger, dated as of May 17, 2004, by and among Parent, Purchaser, and the Company.
(d)(2)	Confidentiality Agreement, dated as of February 12, 2004, by and between the Company and Parent.

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Exhibit 99.1(a)(1)(A)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(Including the Associated Rights to Purchase Preferred Shares)

OF
NEW ENGLAND BUSINESS SERVICE, INC.

AT

$44.00 NET PER SHARE

BY

HUDSON ACQUISITION CORP.,
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
DELUXE CORPORATION

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JUNE 23, 2004, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS BEING MADE PURSUANT TO AN AGREEMENT AND PLAN OF MERGER, DATED AS OF MAY 17, 2004 (THE "MERGER AGREEMENT"), BY AND AMONG DELUXE CORPORATION, A MINNESOTA CORPORATION ("PARENT"), HUDSON ACQUISITION CORP., A DELAWARE CORPORATION ("PURCHASER"), AND NEW ENGLAND BUSINESS SERVICE, INC., A DELAWARE CORPORATION (THE "COMPANY"). THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) THERE HAVING BEEN VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER AT LEAST THAT NUMBER OF SHARES OF COMMON STOCK, PAR VALUE $1.00 PER SHARE, OF THE COMPANY, INCLUDING THE ASSOCIATED RIGHTS TO PURCHASE SHARES OF THE COMPANY'S PREFERRED STOCK (COLLECTIVELY, THE "SHARES"), THAT CONSTITUTES MORE THAN 67% OF THE VOTING POWER (DETERMINED ON A FULLY DILUTED BASIS) OF ALL SECURITIES OF THE COMPANY ENTITLED TO VOTE IN THE ELECTION OF DIRECTORS OR IN A MERGER, (2) THE EXPIRATION OR TERMINATION OF THE APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED, AND (3) THERE NOT HAVING OCCURRED AND BE CONTINUING ANY COMPANY MATERIAL ADVERSE EFFECT (AS DEFINED IN THE MERGER AGREEMENT). THE OFFER IS ALSO SUBJECT TO CERTAIN OTHER CONDITIONS DESCRIBED IN THIS OFFER TO PURCHASE. SEE "SECTION 1—TERMS OF THE OFFER; EXPIRATION DATE" AND "SECTION 14—CERTAIN CONDITIONS OF THE OFFER," WHICH SET FORTH IN FULL THE CONDITIONS TO THE OFFER.

THE COMPANY'S BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THAT THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING EACH OF THE OFFER AND THE MERGER (EACH AS DEFINED HEREIN), ARE ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF, THE COMPANY AND THE HOLDERS OF SHARES, HAS APPROVED AND DECLARED ADVISABLE THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING EACH OF THE OFFER AND MERGER, AND HAS RECOMMENDED THAT THE HOLDERS OF SHARES ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

IMPORTANT

The rights to purchase shares of preferred stock of the Company associated with each Share are presently evidenced by the certificate for such Share, and your tender of such Share will also constitute a tender of the associated rights to purchase shares of preferred stock of the Company.

If you wish to tender all or any portion of your Shares, you should either:

(1) complete and sign the Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal, have your signature guaranteed if required by Instruction 1 to the Letter of Transmittal, mail or deliver the Letter of Transmittal (or such facsimile) and any other required documents to The Bank of New York (the "Depositary") and either (i) deliver the certificates for such Shares to the Depositary along with the Letter of Transmittal (or facsimile) or (ii) deliver such Shares pursuant to the procedure for book-entry transfer as set forth in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of this Offer to Purchase, or

(2) request your broker, dealer, commercial bank, trust company or other nominee to effect the transaction for you.

If you have Shares registered in the name of a bank, dealer, broker, trust company or other nominee, you must contact it if you desire to tender your Shares.

If you wish to tender Shares and your certificates for Shares are not immediately available or the procedure for book-entry transfer cannot be completed on a timely basis, or time will not permit all required documents to reach the Depositary prior to the Expiration Date (as defined herein), your tender may be effected by following the procedure for guaranteed delivery set forth in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of this Offer to Purchase.

Questions and requests for assistance may be directed to Georgeson Shareholder Communications, Inc., the Information Agent or Goldman, Sachs & Co., the Dealer Manager, at their respective locations and telephone numbers set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery and other related materials may be directed to the Information Agent.

The Dealer Manager for the Offer is:

Goldman Sachs

May 25, 2004

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SUMMARY TERM SHEET

Hudson Acquisition Corp., which is referred to in this Offer to Purchase as "Purchaser," "we" or "us," is offering to purchase all of the outstanding shares of common stock, including the associated rights to purchase shares of preferred stock, of New England Business Service, Inc., which is referred to in this Offer to Purchase as the "Company", for $44.00 per share (including the associated rights) in cash. The following are some of the questions you, as a stockholder of the Company, may have and answers to those questions. We urge you to read carefully (i) the remainder of this Offer to Purchase, (ii) the Agreement and Plan of Merger, by and among Deluxe Corporation, Purchaser and the Company, and (iii) the Letter of Transmittal for our offer because the information in this Summary Term Sheet is not complete. Additional important information about our offer is contained in the remainder of this Offer to Purchase and the Letter of Transmittal for our offer. We have included references to the sections of this document where you will find a more complete discussion of the topics covered in this Summary Term Sheet.

Q. WHO IS OFFERING TO BUY MY SHARES?

A. We are called Hudson Acquisition Corp. We are a Delaware corporation formed for the purpose of making this tender offer and merging with the Company. We are an indirect wholly owned subsidiary of Deluxe Corporation, which is referred to in this offer to purchase as "Parent" or "Deluxe." Deluxe designs, manufactures and distributes printed checks, checkbook covers, business forms, address labels and self-inking stamps and offers fraud prevention services and customer retention programs. See "Section 8—Certain Information Concerning Purchaser and Parent."

Q. WHAT SHARES ARE YOU OFFERING TO PURCHASE?

A. We are offering to purchase all of the outstanding shares of common stock of the Company, together with the associated rights to purchase shares of preferred stock. In this offer to purchase, "Share" means a share of common stock of the Company together with the right to purchase shares of preferred stock of the Company associated with that share of common stock. See "Section 1—Terms of the Offer; Expiration Date."

Q. HOW MUCH ARE YOU OFFERING TO PAY AND WHAT IS THE FORM OF PAYMENT?

A. We are offering to pay $44.00 per Share, net to you, in cash (without interest) for each of your shares of common stock of the Company. We will not pay any additional consideration for the rights to purchase preferred stock of the Company associated with the Shares. See "Section 1—Terms of the Offer; Expiration Date."

Q. WHAT ARE THE "RIGHTS TO PURCHASE SHARES OF PREFERRED STOCK OF THE COMPANY"?

A. The rights to purchase shares of preferred stock of the Company were issued to all holders of shares of the Company in connection with the adoption by the Company on October 20, 1994 of a rights agreement (sometimes colloquially known as a "poison pill"), as amended as of November 1, 2001 and May 17, 2004, but currently are not represented by separate certificates. Instead, they are represented by the certificate for the shares of common stock of the Company. Unless the rights are distributed to the holders of common stock of the Company, a tender of shares of common stock of the Company will include a tender of the associated rights. If the rights are distributed, a holder of shares of common stock of the Company will need to tender one right with each share of common stock tendered.

Q. DO I HAVE TO PAY ANY BROKERAGE OR SIMILAR FEES TO TENDER?

A. If you are a record owner of your Shares and you tender those Shares in the offer, you will not have to pay any brokerage or similar fees. However, if you own your Shares through a broker or other nominee and your broker tenders on your behalf, your broker may charge you a fee for doing so. You should consult your broker or nominee to determine whether any charges will apply.

Q. DO YOU HAVE THE FINANCIAL RESOURCES TO PAY FOR THE SHARES?

A. Yes. Deluxe, our ultimate parent company, and/or one or more of its U.S. subsidiaries will contribute sufficient funds to us to pay for all of the Shares that are accepted for payment by us in our offer. Our offer is not subject to any financing condition. See "Section 9—Financing of the Offer and the Merger."

Q. IS YOUR FINANCIAL CONDITION RELEVANT TO MY DECISION TO TENDER IN THE OFFER?

A. We do not think our financial condition is relevant to your decision whether to tender Shares and accept the offer because:

- the offer is being made for all outstanding Shares solely for cash;
- the offer is not subject to any financing condition; and
- if we consummate the offer, we will acquire all remaining Shares for the same cash price in the merger.

See "Section 9—Financing of the Offer and the Merger."

Q. HOW LONG DO I HAVE TO TENDER MY SHARES IN THE OFFER?

A. Unless we extend our offer, you will have until 11:59 p.m., New York City time, on June 23, 2004, the 20th business day after the commencement of our offer, to tender your Shares in the offer. See "Section 1—Terms of the Offer; Expiration Date" and "Section 3—Procedures for Accepting the Offer and Tendering Shares."

Q. CAN THE OFFER BE EXTENDED AND UNDER WHAT CIRCUMSTANCES?

A. Yes. We agreed with the Company that we may extend the offer if (i) at the time the offer is scheduled to expire (including at the end of an earlier extension), any of the offer conditions is not satisfied (or waived by us), (ii) required by the rules of the Securities and Exchange Commission or applicable law, or (iii) less than three business days prior to the then scheduled expiration date of the offer, the Company notifies Deluxe that it has received a Superior Proposal (as defined in the Merger Agreement). In either of the cases described in clauses (i) and (ii), the expiration date may not be extended beyond September 22, 2004, and in the case described in clause (iii), the expiration date may not be extended beyond the third business day after such notice.

If the number of Shares tendered and not withdrawn represents less than 90% of the number of Shares outstanding on a fully diluted basis at the time the offer is scheduled to expire, we may also elect to provide a "subsequent offering period" after we have purchased Shares tendered during the offer of not more than 20 business days in the aggregate, during which stockholders may tender their Shares and receive the offer consideration. See "Section 1—Terms of the Offer; Expiration Date."

Q. HOW WILL I BE NOTIFIED IF THE OFFER IS EXTENDED?

A. If we extend the offer, we will inform The Bank of New York (which is the depositary for our offer) of that fact and will make a public announcement of the extension no later than 9:00 a.m., New York City time, on the next business day after the day on which the offer was scheduled to expire. See "Section 1—Terms of the Offer; Expiration Date."

Q. WHAT ARE THE MOST SIGNIFICANT CONDITIONS TO THE OFFER?

A. We are not obligated to purchase any tendered Shares:

- unless the number of Shares validly tendered and not properly withdrawn prior to the expiration of the offer constitutes more than 67% of the voting power (determined on a fully-diluted basis) of all securities of the Company entitled to vote in the election of directors or in a merger;
- unless all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, have expired or have been terminated; or
- if there has occurred and is continuing a Company Material Adverse Effect (as defined in the Merger Agreement).

The offer is also subject to a number of other conditions. See "Section 14—Certain Conditions of the Offer."

Q. HOW DO I TENDER MY SHARES?

A. To tender all or any portion of your Shares in our offer, you must either deliver the certificate or certificates representing your tendered Shares, together with the Letter of Transmittal (or a facsimile copy of it) enclosed with this Offer to Purchase, properly completed and duly signed, together with any required signature guarantees and any other required documents, to The Bank of New York, or tender your shares using the book-entry procedure described in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of this Offer to Purchase, prior to the expiration of our offer.

If your Shares are held in street name through a broker, dealer, bank, trust company or other nominee and you wish to tender all or any portion of your Shares in our offer, the broker, dealer, bank, trust company or other nominee that holds your Shares must tender them on your behalf through The Bank of New York.

If you cannot deliver something that is required to be delivered to the depositary prior to the expiration of the offer, you may obtain additional time to do so by having a broker, bank or other fiduciary that is a member of Securities Transfer Agent's Medallion Program or other eligible institution guarantee that the missing items will be received by the depositary within five New York Stock Exchange trading days. However, the depositary must receive the missing items within that five trading-day period. See "Section 3—Procedures for Accepting the Offer and Tendering Shares."

Q. HOW DO I WITHDRAW PREVIOUSLY TENDERED SHARES?

A. To withdraw some or all of the Shares you previously tendered in our offer, you must deliver a written notice of withdrawal, or a facsimile of one, with the required information to the depositary while you still have the right to withdraw the Shares. You can withdraw Shares at any time until the offer has expired and, if we have not agreed to accept your Shares for payment by July 24, 2004, you can withdraw them at any time after such date until we accept your Shares for payment. If we decide to provide a subsequent offering period, we will accept Shares tendered during that period immediately and thus you will not be able to withdraw Shares tendered in the offering during any subsequent offering period. See "Section 4—Withdrawal Rights."

Q. HAS THE COMPANY'S BOARD OF DIRECTORS APPROVED YOUR OFFER?

A. Yes. Our offer is being made pursuant to an Agreement and Plan of Merger, dated as of May 17, 2004, by and among Deluxe, the Company and us. The Company's board of directors has unanimously:

- determined that the Merger Agreement and the transactions contemplated by it, including our offer and the merger, are advisable and fair to, and in the best interests of, the Company and its stockholders;

- approved and declared advisable the Merger Agreement and the transactions contemplated by it, including our offer and the merger; and
- recommended that the Company's stockholders accept our offer and tender their Shares pursuant to our offer.

See "Section 10—Background of the Offer; Contacts with the Company; the Merger Agreement."

The factors considered by the Company's board of directors in making the determinations and recommendation set forth above are described in the Company's Solicitation/Recommendation Statement on Schedule 14D-9, which has been filed with the Securities and Exchange Commission and is being mailed to you with this Offer to Purchase.

Morgan Stanley & Co. Incorporated ("Morgan Stanley"), which acted as financial advisor to the Company's board of directors, delivered an opinion to the Company's board of directors, dated May 16, 2004, to the effect that, in its opinion, as of that date and based upon and subject to the assumptions made, the procedures followed, other matters considered and the limitations of the review undertaken, the $44.00 per Share price to be paid to tendering stockholders in the offer and to be paid to holders of Shares in the merger was fair, from a financial point of view, to the holders of Shares. Stockholders of the Company are urged to, and should, read carefully the Company's Solicitation/Recommendation Statement on Schedule 14D-9 and the opinion of Morgan Stanley, which is annexed thereto, in their entirety.

In the event the Company's board of directors withdraws or modifies in a manner adverse to Deluxe, its approval or recommendation of the Merger Agreement, the offer or the merger, and Deluxe elects to terminate the Merger Agreement, the Company will be required to pay Deluxe a $23 million termination fee, plus Deluxe's expenses in an amount not to exceed $3 million.

Q. WHAT ARE YOUR PLANS IF YOU SUCCESSFULLY COMPLETE YOUR OFFER BUT DO NOT ACQUIRE ALL OF THE OUTSTANDING SHARES IN YOUR OFFER?

A. If we successfully complete our offer, as soon as practicable following the completion of our offer, we intend to merge with and into the Company. As a result of that merger, all of the outstanding Shares that are not tendered in our offer (other than Shares that are owned by the Company or us, and Shares that are owned by stockholders of the Company who are entitled to and properly exercises appraisal rights under Delaware law in respect of their Shares) will be canceled and converted into the right to receive $44.00 per Share in cash.

Our obligation to merge with the Company following the successful completion of our offer is conditioned on the adoption of the Merger Agreement, if required under Delaware law, by the holders of more than 67% of the Company's outstanding Shares, there being no provision of any applicable law or order of any governmental entity of competent jurisdiction which has the effect of making the merger illegal or otherwise restraining or prohibiting the consummation of the merger and all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, having expired or having been terminated. If we successfully complete our offer, we will hold a sufficient number of Shares to ensure the requisite adoption of the Merger Agreement by the Company's stockholders under Delaware law to consummate the merger. In addition, if we own at least 90% of the outstanding Shares, we will not be required to obtain the Company stockholder approval to consummate the merger.

Q. IF YOU SUCCESSFULLY COMPLETE YOUR OFFER, WHAT WILL HAPPEN TO THE COMPANY'S BOARD OF DIRECTORS?

A. Effective upon the acceptance for payment pursuant to our offer of any Shares, Deluxe is entitled to designate a number of directors, rounded up to the next whole number, on the Company's board of directors equal to the product of (i) the total number of directors (giving effect to the election

of directors designated by Deluxe) and (ii) the percentage that the number of Shares beneficially owned by Deluxe and/or us (including Shares accepted for payment) bears to the total number of Shares outstanding. The Company is required to take all action necessary to cause Deluxe's designees to be elected or appointed to the Company's board of directors, including increasing the number of directors and seeking and accepting resignations of incumbent directors. In such event, the Company will also use its commercially reasonable efforts to ensure that at least two of the members of the Company's board of directors are independent directors who were directors as of May 17, 2004 and who are not employees of the Company and are not affiliates, stockholders or employees of Deluxe or any of its subsidiaries. In all cases, the selection of any independent directors who were not directors on May 17, 2004 will be subject to the approval of Deluxe, not to be unreasonably withheld or delayed.

Q. FOLLOWING THE OFFER, WILL THE COMPANY CONTINUE AS A PUBLIC COMPANY?

A. If and when the merger takes place, Shares of the Company will no longer be publicly owned. Even if the merger does not take place, there may be so few remaining stockholders and publicly held Shares that they will no longer be eligible to be traded on the New York Stock Exchange or any other securities exchange and there may not be an active public trading market (or, possibly, any public trading market) for them. As a result of the merger, the registration of the shares of common stock of the Company under the Securities Exchange Act of 1934, as amended, will be terminated. Consequently, following the merger, the Company will be relieved of the duty to file proxy and information statements, and its officers, directors and more than 10% stockholders will be relieved of the reporting requirements under, and the "short swing" profit liability provisions of, Section 16 of the Exchange Act.

Q. IF I DECIDE NOT TO TENDER, HOW WILL THE OFFER AFFECT MY SHARES?

A. If we successfully complete our offer but you do not tender your Shares in our offer, and the merger takes place, your Shares will be canceled and converted into the right to receive in such merger the same amount of cash per Share which you would have received had you tendered your Shares in our offer (without interest), subject to your right to pursue your appraisal rights under Delaware law. Therefore, if we complete the merger, unless you perfect your appraisal rights under Delaware law, the only difference to you between tendering Shares accepted for payment in our offer and not doing so is that you will be paid earlier if you tender your Shares.

However, until the merger is consummated or if the merger were not to take place for some reason, the number of holders of Shares which are still in the hands of the public may be so small that there will no longer be an active public trading market (or possibly, any public trading market) for Shares.

Also, Shares may no longer be eligible to be traded on the New York Stock Exchange, as the Company may cease making filings with the Securities and Exchange Commission or otherwise cease being required to comply with the Securities and Exchange Commission's rules relating to publicly held companies. See "Section 11—Purpose of the Offer; Plans for the Company after the Offer and the Merger" and "Section 13—Possible Effects of the Offer on the Market for the Shares, NYSE Listing, Margin Regulations and Exchange Act Registration."

If we successfully complete our offer, it is possible that the Shares might no longer constitute "margin securities" for purposes of the margin regulations of the Federal Reserve Board, in which case your Shares may no longer be used as collateral for loans made by brokers. See "Section 13—Possible Effects of the Offer on the Market for Shares, NYSE Listing, Margin Regulations and Exchange Act Registration."

Q. ARE APPRAISAL RIGHTS AVAILABLE IN EITHER THE OFFER OR THE MERGER?

A. Appraisal rights are not available in connection with our offer. If, however, you choose not to tender your Shares in our offer and we purchase Shares in our offer, appraisal rights will be available to you in connection with our merger with and into the Company. If you choose to exercise your appraisal rights in connection with the merger, and you comply with the applicable requirements under Delaware law, you will be entitled to payment for your Shares based on a fair and independent appraisal of the value of your Shares. The value may be more or less than the $44.00 per Share that we are offering to pay you for your Shares in our offer or that you would otherwise receive in the merger. See "Section 11—Purpose of the Offer; Plans for the Company After the Offer and the Merger."

Q. WHAT IS THE MARKET VALUE OF MY SHARES AS OF A RECENT DATE?

A. On May 14, 2004, the last full trading day before we announced our offer, the last reported closing price per share reported on the New York Stock Exchange was $33.31. On May 21, 2004, the last full trading day prior to the printing of this offer to purchase, the closing sale price for Shares reported on the New York Stock Exchange was $43.80 per Share. Please obtain a recent quotation for Shares before deciding whether to tender your Shares. See "Section 6—Price Range of Shares; Dividends."

Q. WHAT ARE THE FEDERAL INCOME TAX CONSEQUENCES OF THE PROPOSED TRANSACTIONS?

A. Your receipt of cash consideration in the offer or the merger will be a taxable transaction for U.S. federal income tax purposes and may also be taxable under applicable state, local or foreign income or other tax laws. You should consult your tax advisor about the particular effect the proposed transactions will have on your Shares. See "Section 5—Certain U.S. Federal Income Tax Consequences."

Q. WHO CAN I TALK TO IF I HAVE QUESTIONS ABOUT THE TENDER OFFER?

A. You can call Georgeson Shareholder Communications Inc., the information agent for our offer.

Georgeson Shareholder

17 State Street, 10th Floor
New York, New York 10004

Banks and Brokers Call:
(212) 440-9800

All Others Call Toll Free:
(800) 733-6209

To the holders of Common Stock of New England Business Service, Inc.:

INTRODUCTION

Hudson Acquisition Corp., a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Deluxe Corporation, a Minnesota corporation ("Parent"), hereby offers to purchase all of the shares of common stock, par value $1.00 per share (the "Shares"), of New England Business Service, Inc., a Delaware corporation (the "Company"), at a purchase price of $44.00 per Share, net to the seller in cash, without interest thereon (the "Offer Price"), upon the terms and subject to the conditions set forth in this Offer to Purchase and in the Letter of Transmittal enclosed with this Offer to Purchase, which, together with any amendments or supplements hereto or thereto, collectively constitute the "Offer" described in this Offer to Purchase. All references in this Offer to Purchase to "Shares" include the associated rights (the "Rights") to purchase shares of preferred stock issued pursuant to the Amended and Restated Rights Agreement, dated October 20, 1994 as amended as of November 1, 2001 and May 17, 2004 (as amended, the "Rights Agreement"), between the Company and EquiServe Trust Company, N.A., as rights agent. Unless the context indicates otherwise, as used herein, references to "you" or "Stockholders" shall mean holders of Shares and references to "we" or "us" shall mean Purchaser.

Tendering Stockholders whose Shares are registered in their own name and who tender directly to The Bank of New York, which is acting as the depositary for the Offer (the "Depositary"), will not be obligated to pay brokerage fees or commissions in connection with the Offer or, except as otherwise provided in Instruction 6 to the Letter of Transmittal for the Offer, stock transfer taxes with respect to the purchase of Shares by Purchaser pursuant to the Offer. A Stockholder who holds Shares through a broker, dealer, bank, trust company or other nominee should consult with such institution to determine whether it will charge any service fees for tendering such Stockholder's Shares to Purchaser in the Offer. Any tendering Stockholder or other payee that fails to complete and sign the Substitute Form W-9, which is included in the Letter of Transmittal, or IRS Form W-8 or a suitable substitute form (in the case of non-U.S. Stockholders), may be subject to a required back-up U.S. federal income tax withholding of 28% of the gross proceeds payable to such Stockholder or other payee pursuant to the Offer. See "Section 5—Certain U.S. Federal Income Tax Consequences." Purchaser or Parent will pay all charges and expenses incurred in connection with the Offer of Goldman, Sachs & Co., which is acting as the dealer manager (the "Dealer Manager"), the Depositary and Georgeson Shareholder Communications Inc., which is acting as the information agent for the Offer (the "Information Agent"). See "Section 16—Fees and Expenses."

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of May 17, 2004 (the "Merger Agreement"), among Parent, Purchaser and the Company. The Merger Agreement provides, among other things, that, as soon as practicable after the purchase of Shares pursuant to the Offer and the satisfaction or waiver of certain other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the General Corporation Law of the State of Delaware ("Delaware Law"), Purchaser will be merged with and into the Company (the "Merger"). As a result of the Merger, the Company will continue as the surviving corporation (the "Surviving Corporation") and will become an indirect, wholly owned subsidiary of Parent. At the effective time of the Merger (the "Effective Time"), each Share issued and outstanding immediately prior to the Effective Time (other than Shares held by the Company or Shares owned by Purchaser, or any direct or indirect wholly owned subsidiary of Parent or any wholly owned subsidiary of the Company, and other than Shares held by Stockholders who are entitled to and have properly exercised appraisal rights under Delaware Law) shall be canceled and converted automatically into the right to receive the same price per Share as paid to the Stockholders tendering their Shares in the Offer (the "Merger Consideration"). Stockholders who have properly demanded appraisal rights in accordance with Section 262 of Delaware Law will be entitled to receive, in connection with the Merger, cash for the

fair value of their Shares as determined pursuant to the procedures prescribed by Delaware Law. See "Section 11—Purpose of the Offer; Plans for the Company After the Offer and the Merger." The Merger Agreement is more fully described in "Section 10—Background of the Offer; Contacts with the Company; the Merger Agreement."

THE COMPANY'S BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THAT THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING EACH OF THE OFFER AND THE MERGER, ARE ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF, THE COMPANY AND THE HOLDERS OF SHARES, HAS APPROVED AND DECLARED ADVISABLE THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING EACH OF THE OFFER AND THE MERGER, AND HAS RECOMMENDED THAT THE HOLDERS OF SHARES ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

THE FACTORS CONSIDERED BY THE COMPANY'S BOARD OF DIRECTORS IN MAKING THE DETERMINATIONS AND RECOMMENDATIONS DESCRIBED ABOVE ARE DESCRIBED IN THE COMPANY'S SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9, WHICH HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") AND IS BEING MAILED TO THE STOCKHOLDERS WITH THIS OFFER TO PURCHASE.

Morgan Stanley & Co. Incorporated ("Morgan Stanley") has delivered to the Company's board of directors its written opinion, dated May 16, 2004, to the effect that, as of such date and based upon and subject to the certain factors and assumptions as set forth in such opinion, the consideration to be received by holders of Shares (other than Purchaser, Parent and any affiliate of Purchaser and Parent) in the Offer and the Merger is fair from a financial point of view to such holders. A copy of the written opinion of Morgan Stanley is contained in the Schedule 14D-9, which has been filed with the SEC in connection with the Offer and which is being mailed to Stockholders with this Offer to Purchase. Stockholders are urged to read such opinion carefully in its entirety for a description of the procedures followed, the matters considered, the assumptions made and qualifications and limitations of the review undertaken by Morgan Stanley.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) THERE HAVING BEEN VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER AT LEAST THAT NUMBER OF SHARES OF COMMON STOCK, PAR VALUE $1.00 PER SHARE, OF THE COMPANY, INCLUDING THE ASSOCIATED RIGHTS TO PURCHASE SHARES OF THE COMPANY'S PREFERRED STOCK (COLLECTIVELY, THE "SHARES"), THAT CONSTITUTES MORE THAN 67% OF THE VOTING POWER (DETERMINED ON A FULLY DILUTED BASIS) OF ALL SECURITIES OF THE COMPANY ENTITLED TO VOTE IN THE ELECTION OF DIRECTORS OR IN A MERGER, (2) THE EXPIRATION OR TERMINATION OF THE APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR CONDITION"), AND (3) THERE NOT HAVING OCCURRED AND BE CONTINUING A COMPANY MATERIAL ADVERSE EFFECT (AS DEFINED IN THE MERGER AGREEMENT). THE OFFER IS ALSO SUBJECT TO CERTAIN OTHER CONDITIONS DESCRIBED IN THIS OFFER TO PURCHASE. SEE "SECTION 1—TERMS OF THE OFFER; EXPIRATION DATE" AND "SECTION 14—CERTAIN CONDITIONS OF THE OFFER," WHICH SET FORTH IN FULL THE CONDITIONS TO THE OFFER.

Effective upon the acceptance for payment pursuant to our Offer of any Shares, Parent will be entitled to designate a number of directors, rounded up to the next whole number, to serve on the Company's board of directors as will give Purchaser representation on the Company's board of directors equal to the product of (i) the total number of directors on the Company's board of directors

(giving effect to the election of directors designated by Parent), and (ii) the percentage that the number of Shares beneficially owned by Parent and/or Purchaser (including Shares accepted for payment) bears to the total number of Shares outstanding. The Company is required to take all action necessary to cause Parent's designees to be elected or appointed to the Company's board of directors, including increasing the size of the Company's board of directors and seeking and/or securing the resignations of incumbent directors (including, if necessary, to ensure that a sufficient number of independent directors are serving on the Company's board of directors in order to satisfy the New York Stock Exchange, Inc. ("NYSE") listing requirements). At such time, the Company will also cause individuals designated by Parent to constitute the same percentage as is on the Company's entire board of directors, rounded up to the next whole number, to be on (i) each committee of the Company's board of directors and (ii) each board of directors and each committee thereof of each subsidiary of the Company identified by Parent, in each case only to the extent permitted by applicable law and the rules of the NYSE. The Company shall use its commercially reasonable efforts to cause the Company's board of directors to have at least two directors who were directors on May 17, 2004, and who are not employed by the Company and who are not affiliates, stockholders or employees of Parent or any of its subsidiaries (the "Independent Directors"). If any Independent Director ceases to be a director for any reason whatsoever, the remaining Independent Directors (or Independent Director if there is only one remaining) shall be entitled to designate any other person who shall not be an affiliate, stockholder or employee of Parent or any of its subsidiaries to fill the vacancy and such person will be deemed to be an Independent Director for all purposes of the Merger Agreement. If at any time there are no Independent Directors, the other directors of the Company then in office shall designate two persons to fill such vacancies and those persons will not be affiliates, stockholders or employees of Parent or any of its subsidiaries and such persons will be deemed to be Independent Directors for all purposes of the Merger Agreement. In all cases, the selection of any Independent Directors who were not directors on May 17, 2004 will be subject to the approval of Parent, not to be unreasonably withheld or delayed.

The consummation of the Merger is subject to the satisfaction or waiver of certain conditions, including (i) the acceptance for payment of, and payment for, Shares by Purchaser in the Offer, (ii) if necessary, the adoption of the Merger Agreement by the requisite vote of the Stockholders in accordance with Delaware Law and the Company's Certificate of Incorporation, (iii) the absence of any provision of any applicable law or order of any governmental entity of competent jurisdiction which has the effect of making the Merger illegal or otherwise restraining or prohibiting the consummation of the Merger, and (iv) the satisfaction of the HSR Condition. For a more detailed description of the conditions to the Merger, see "Section 10—Background of the Offer; Contacts with the Company; the Merger Agreement." Under Delaware Law and the Company's Certificate of Incorporation, in the event Purchaser does not acquire at least 90% of the then outstanding Shares after the consummation of the Offer, the affirmative vote of the holders of at least two-thirds of the voting power of all Shares is required to adopt the Merger Agreement. Consequently, if Purchaser acquires (pursuant to the Offer or otherwise) more than 67% of the voting power of all Shares on a fully diluted basis, then Purchaser will have sufficient voting power to adopt the Merger Agreement without the vote of any other Stockholder. See "Section 10—Background of the Offer; Contacts with the Company; the Merger Agreement" and "Section 11—Purpose of the Offer; Plans for the Company After the Offer and the Merger." Under Delaware Law, if Purchaser acquires, pursuant to the Offer or otherwise, at least 90% of the then outstanding Shares, Purchaser will be able to effect the Merger without a vote of the holders of Shares. In such event, Parent, Purchaser and the Company have agreed to take all necessary and appropriate action to cause the Merger to become effective in accordance with Delaware Law as promptly as practicable after such acquisition, without a meeting of the holders of Shares. If, however, Purchaser does not acquire at least 90% of the then outstanding Shares after consummation of the Offer and a vote of the holders of Shares is required under Delaware Law, a significantly longer period of time will be required to effect the Merger. See "Section 11—Purpose of the Offer; Plans for the Company after the Offer and the Merger."

The Company has advised Purchaser that, as of (i) the close of business on May 21, 2004, 13,338,775 Shares were issued and outstanding and no shares of preferred stock, par value $1.00 per share, of the Company were issued and outstanding and (ii) May 17, 2004, an additional 2,085,410 Shares were subject to outstanding stock options. As a result, assuming no change in the sum of outstanding Shares and options, the Minimum Condition would be satisfied if Purchaser acquired 10,334,204 Shares. Also, assuming no change in the number of outstanding Shares, Purchaser could cause the Merger to become effective in accordance with Delaware Law, without a meeting of the holders of Shares, if Purchaser acquired 12,004,898 Shares.

Purchaser may provide for a Subsequent Period (as defined below) in connection with the Offer. If Purchaser elects to provide a Subsequent Period, it will make a public announcement thereof on the next business day after the Expiration Date. See "Section 1—Terms of the Offer; Expiration Date."

Appraisal rights are not available in connection with the Offer. If, however, a Stockholder elects not to tender his, her or its Shares in the Offer and Purchaser purchases Shares in the Offer, appraisal rights will be available to such Stockholder who does not tender Shares in the Offer in connection with the Merger with and into the Company. If a Stockholder elects to exercise appraisal rights in connection with the Merger, and that Stockholder complies with the applicable requirements under Delaware Law, that Stockholder will be entitled to payment for his, her or its Shares based on an appraisal of the value of such Shares by the Delaware Chancery Court. Such appraisal will be made without regard for any element of value arising from the accomplishment or expectation of the Merger. The value may be more or less than the $44.00 per Share that Purchaser is offering to pay for Shares in the Offer or that a Stockholder would otherwise receive in the Merger. See "Section 11—Purpose of the Offer; Plans for the Company after the Offer and the Merger—Appraisal Rights."

Certain material U.S. federal income tax consequences of the sale of the Shares pursuant to the Offer and the conversion of Shares pursuant to the Merger are described in "Section 5—Certain U.S. Federal Income Tax Consequences."

If, between the date of the Merger Agreement and the date on which any particular Share is accepted for payment and paid for pursuant to the Offer, the outstanding Shares are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, then the Offer Price applicable to such Share will be appropriately adjusted.

OTHER THAN THE MINIMUM CONDITION, WE RESERVE THE RIGHT TO AMEND OR WAIVE ANY ONE OR MORE OF THE OTHER CONDITIONS TO THE OFFER, SUBJECT TO THE LIMITATIONS CONTAINED IN THE MERGER AGREEMENT AND TO THE APPLICABLE RULES AND REGULATIONS OF THE SEC.

THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

SECTION 1. TERMS OF THE OFFER; EXPIRATION DATE

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), Purchaser will accept for payment and pay the Offer Price for all Shares validly tendered (and not withdrawn in accordance with the procedures set forth in "Section 4—Withdrawal Rights") on or prior to the Expiration Date. The term "Expiration Date" means 11:59 p.m., New York City time, on June 23, 2004, unless and until Purchaser (subject to the terms and conditions of the Merger Agreement) shall have extended the period during which the Offer is open, in which case Expiration Date shall mean the latest time and date at which the Offer, as extended by Purchaser, will expire.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THE SATISFACTION OF THE MINIMUM CONDITION AND THE SATISFACTION OR WAIVER OF THE OTHER CONDITIONS SET FORTH UNDER "SECTION 14—CERTAIN CONDITIONS OF THE OFFER."

If by the Expiration Date any or all of the conditions to the Offer have not been satisfied or waived, Purchaser reserves the right (but Purchaser shall not be obligated), subject to the applicable rules and regulations of the SEC and subject to the terms of and the limitations set forth in the Merger Agreement, to (a) terminate the Offer and not pay for any Shares and return all tendered Shares to tendering Stockholders, (b) waive or reduce all the unsatisfied conditions (other than the satisfaction of the Minimum Condition) and, subject to any required extension, accept for payment and pay for all Shares validly tendered prior to the Expiration Date, (c) extend the Offer and, subject to each Stockholder's right to withdraw Shares until the Expiration Date, retain the Shares that have been tendered during the period or periods for which the Offer is extended or (d) amend the Offer.

Amendment of the Offer. Subject to the applicable rules and regulations of the SEC and subject to the terms and conditions of the Merger Agreement, Purchaser expressly reserves the right to increase the price per Share payable in the Offer and to make any other changes in the terms and conditions of the Offer, except that, without the prior written consent of the Company, Purchaser may not change the form of consideration to be paid in the Offer, decrease the Offer Price or the number of Shares sought in the Offer, impose additional conditions to the Offer or modify any of the conditions to the Offer described in "Section 14—Certain Conditions of the Offer," or change the terms of the Offer in any manner adverse to the Stockholders, or, except as provided in the following paragraph, extend the Offer.

The Merger Agreement provides that Purchaser may, without the consent of the Company, extend the Offer (i) beyond the scheduled expiration date, which shall be 20 business days following the date of the commencement of the Offer, if, at the scheduled expiration of the Offer, any of the conditions to Purchaser's obligation to accept for payment Shares as described in "Section 14—Certain Conditions of the Offer," shall not be satisfied or waived, (ii) for any period required by any rule, regulation or interpretation of the SEC, or the staff thereof, applicable to the Offer, and (iii) for three business days following Parent's receipt of a notice from the Company that it has received a Superior Proposal (as defined in the Merger Agreement), if such notice is delivered to Parent less than three business days prior to the then scheduled expiration date of the Offer. In addition, Purchaser may, without the consent of the Company, elect to provide a "subsequent offering period" after Purchaser has purchased Shares tendered during the offer of not more than 20 business days in the aggregate in accordance with Rule 14d-11 promulgated under the Securities Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder, the "Exchange Act") if all of the conditions of the Offer are satisfied or have been waived but the aggregate number of Shares tendered and not withdrawn, together with Shares then owned by Purchaser and Parent, is not at least 90% of the then outstanding Shares on a fully diluted basis. During any extension under (i), (ii) or (iii) under the first sentence of this paragraph, all Shares previously tendered and not withdrawn will remain subject to the Offer and subject to the right of a tendering Stockholder to withdraw such Stockholder's Shares. See "Section 4—Withdrawal Rights." Notwithstanding anything to the contrary in this paragraph, other than as described elsewhere herein, we may not extend the Offer beyond September 22, 2004. See "Section 10—Background of the Offer; Contacts with the Company; the Merger Agreement—the Merger Agreement."

UNDER NO CIRCUMSTANCES WILL INTEREST BE PAID ON THE OFFER PRICE FOR TENDERED SHARES, WHETHER OR NOT THE OFFER IS EXTENDED.

Purchaser shall pay for all Shares validly tendered and not withdrawn promptly following the acceptance of Shares for payment pursuant to the Offer. Notwithstanding the immediately preceding sentence and subject to the applicable rules of the SEC and the terms and conditions of the Offer,

Purchaser also expressly reserves the right (i) to delay payment for Shares in order to comply in whole or in part with applicable laws (any such delay shall be effected in compliance with Rule 14e-1(c) under the Exchange Act, which requires Purchaser to pay the consideration offered or to return Shares deposited by or on behalf of Stockholders promptly after the termination or withdrawal of the Offer), (ii) to extend or terminate the Offer and not to accept for payment or pay for any Shares not theretofore accepted for payment or paid for, upon the occurrence of any of the conditions to the Offer specified on Annex A to the Merger Agreement and described in "Section 14—Certain Conditions of the Offer," and (iii) to amend the Offer or to waive any conditions to the Offer in any respect consistent with the Merger Agreement, in each case by giving oral or written notice of such delay, termination, waiver or amendment to the Depositary and by making public announcement thereof.

Extension of Offer. Any such extension, delay, termination, waiver or amendment will be followed as promptly as practicable by public announcement thereof. An announcement in the case of an extension is to be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date (in accordance with Rule 14e-1(d) under the Exchange Act). Subject to applicable law (including Rules 14d-4(d)(1) and 14d-6(c) under the Exchange Act, which require that material changes be promptly disseminated to Stockholders in a manner reasonably designed to inform them of such changes and disclosed in additional tender offer materials, respectively) and without limiting the manner in which Purchaser may choose to make any public announcement, Purchaser will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by issuing a press release on a national newswire service.

Subsequent Period. Subject to the applicable rules and regulations of the SEC, Purchaser may elect to provide a "subsequent offering period" after Purchaser has purchased Shares tendered during the offer of not more than 20 business days in the aggregate (the "Subsequent Period") if, among other things, upon the Expiration Date (i) all of the conditions to Purchaser's obligations to accept for payment, and to pay for, the Shares are satisfied or waived and (ii) Purchaser immediately accepts for payment, and promptly pays for, all Shares validly tendered (and not withdrawn in accordance with the procedures described in "Section 4—Withdrawal Rights") prior to the Expiration Date. SHARES TENDERED DURING A SUBSEQUENT PERIOD MAY NOT BE WITHDRAWN. See "Section 4—Withdrawal Rights." Purchaser will immediately accept for payment, and promptly pay for, all validly tendered Shares as they are received during any Subsequent Period. Any election by Purchaser to include a Subsequent Period may be effected by Purchaser giving oral or written notice of the Subsequent Period to the Depositary. If Purchaser decides to include a Subsequent Period, it will make an announcement to that effect by issuing a press release to a national newswire service on the next business day after the Expiration Date.

For purposes of the Offer, a "business day" means any day on which the principal offices of the SEC in Washington, D.C., are open to accept filings, or, in the case of determining a date when any payment is due, any day on which banks are not required or authorized to close in The City of New York, and consists of the time period from 12:01 a.m. through 11:59 p.m., New York City time.

If we extend the Offer or if we are delayed in our acceptance for payment of or payment (whether before or after our acceptance for payment of Shares) for Shares or we are unable to pay for Shares pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer, the Depositary may retain tendered Shares on our behalf, and such Shares may not be withdrawn except to the extent tendering Stockholders are entitled to withdrawal rights as described in "Section 4—Withdrawal Rights." However, our ability to delay the payment for Shares we have accepted for payment is limited by Rule 14e-1(c) under the Exchange Act, which requires that a bidder pay the consideration offered or return the securities tendered by or on behalf of holders of securities promptly after the termination or withdrawal of such bidder's offer.

Consequences of Material Changes in the Offer. If Purchaser makes a material change in the terms of the Offer or the information concerning the Offer, or waives a material condition of the Offer, Purchaser will extend the Offer and promptly disseminate such material change or waiver to Stockholders in a manner reasonably designed to inform them of such material change or waiver and in additional tender offer materials to the extent required by Rules 14d-4(d), 14d-6(c) and 14e-1 under the Exchange Act. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or information concerning the Offer, other than a change in price or a change in the percentage of securities sought, will depend upon the facts and circumstances then existing, including the relative materiality of the changed terms or information. With respect to a change in price or a change in the percentage of securities sought, a minimum period of ten business days is generally required to allow for adequate dissemination to Stockholders.

Mailing of the Offer. The Company has provided Purchaser with the Company's stockholder list and security position listings, including the most recent list of names, addresses and security positions of non-objecting beneficial owners in the possession of the Company, for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase and the related Letter of Transmittal will be mailed by Purchaser to record holders of Shares whose names appear on the Company's stockholder list and will be furnished, for subsequent transmittal to beneficial owners of Shares, to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing. The Schedule 14D-9 of the Company is being mailed with this Offer to Purchase.

SECTION 2. ACCEPTANCE FOR PAYMENT AND PAYMENT FOR SHARES

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), Purchaser will purchase by accepting for payment and paying for all Shares validly tendered and not withdrawn (as permitted by "Section 4—Withdrawal Rights") promptly after the Expiration Date. Notwithstanding the immediately preceding sentence and subject to applicable rules and regulations of the SEC and the terms of the Merger Agreement, Purchaser expressly reserves the right to delay payment for Shares in order to comply in whole or in part with applicable laws. See "Section 1—Terms of the Offer; Expiration Date" and "Section 15—Certain Legal Matters and Regulatory Approvals." If Purchaser decides to include a Subsequent Period, Purchaser will accept for payment and promptly pay for all validly tendered Shares as they are received during the Subsequent Period. See "Section 1—Terms of the Offer; Expiration Date."

In all cases (including during any Subsequent Period), Purchaser will pay for Shares tendered and accepted for payment pursuant to the Offer only after timely receipt by the Depositary of (i) the certificates evidencing such Shares (the "Share Certificates") or timely confirmation (a "Book-Entry Confirmation") of a book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedures set forth in "Section 3—Procedures for Accepting the Offer and Tendering Shares," (ii) the Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees, or in the case of a book-entry transfer, an Agent's Message (as defined below) and (iii) any other documents required under the Letter of Transmittal. The term "Agent's Message" means a message, transmitted by the Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of the Book-Entry Confirmation which states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the Book-Entry Transfer Facility tendering the Shares that are the subject of such Book-Entry Confirmation, that such participant has received and agrees to be bound by the Letter of Transmittal and that Purchaser may enforce such agreement against such participant.

For purposes of the Offer (including during any Subsequent Period), Purchaser will be deemed to have accepted for payment (and thereby purchased) Shares validly tendered and not properly withdrawn as, if and when Purchaser gives oral or written notice to the Depositary of Purchaser's acceptance for payment of such Shares pursuant to the Offer. Upon the terms and subject to the conditions of the Offer, payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for tendering Stockholders for the purpose of receiving payments from Purchaser and transmitting such payments to tendering Stockholders whose Shares have been accepted for payment.

UNDER NO CIRCUMSTANCES WILL PURCHASER PAY INTEREST ON THE PURCHASE PRICE FOR SHARES, REGARDLESS OF ANY DELAY IN MAKING SUCH PAYMENT.

Upon the deposit of all required funds with the Depositary for the purpose of making payments in full to tendering Stockholders, Purchaser's obligation to make such payment shall be satisfied and tendering Stockholders must thereafter look solely to the Depositary for payment of amounts owed to them by reason of the acceptance for payment of Shares pursuant to the Offer. Purchaser will pay any stock transfer taxes with respect to the transfer and sale to Purchaser pursuant to the Offer, except as otherwise provided in Instruction 6 to the Letter of Transmittal, as well as any charges and expenses of the Dealer Manager, the Depositary and the Information Agent.

If Purchaser is delayed in its acceptance for payment of, or payment for, Shares that are tendered in the Offer, or is unable to accept for payment, or pay for, Shares that are tendered in the Offer for any reason, then, without prejudice to Purchaser's rights under the Offer (but subject to compliance with Rule 14e-1(c) under the Exchange Act (relating to a bidder's obligation to pay for or return tendered securities promptly after the termination or withdrawal of such bidder's offer) and the terms of the Merger Agreement), the Depositary may, nevertheless, on behalf of Purchaser, retain Shares that are tendered in the Offer, and such Shares may not be withdrawn except to the extent that Stockholders tendering such Shares are entitled to do so as described in "Section 4—Withdrawal Rights" of this Offer to Purchase.

If any tendered Shares are not accepted for payment for any reason pursuant to the terms and conditions of the Offer, or if Share Certificates are submitted evidencing more Shares than are tendered, Share Certificates evidencing unpurchased Shares will be returned, without expense to the tendering Stockholder (or, in the case of Shares tendered by Book-Entry transfer into the Depositary's account at a Book-Entry Transfer Facility pursuant to the procedure set forth in "Section 3—Procedures for Accepting the Offer and Tendering Shares," such Shares will be credited to an account maintained at such Book-Entry Transfer Facility), as promptly as practicable following the expiration or termination of the Offer.

IF PRIOR TO THE EXPIRATION DATE, WE INCREASE THE PRICE OFFERED TO HOLDERS OF SHARES IN THE OFFER, WE WILL PAY THE INCREASED PRICE TO ALL HOLDERS OF SHARES THAT ARE PURCHASED IN THE OFFER, WHETHER OR NOT SUCH SHARES WERE TENDERED PRIOR TO THE INCREASE IN PRICE.

If we provide a Subsequent Period following the Offer, we will immediately accept and promptly pay for all Shares as they are tendered in the Subsequent Period.

SECTION 3. PROCEDURES FOR ACCEPTING THE OFFER AND TENDERING SHARES

Valid Tender of Shares. In order for a holder of Shares validly to tender Shares pursuant to the Offer, the Depositary must receive the Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, together with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message, and any other documents required by the Letter of Transmittal, at one of its addresses set forth on the back cover of this Offer to Purchase prior to the

Expiration Date. In addition, either (i) the Share Certificates evidencing tendered Shares must be received by the Depositary at such address or such Shares must be tendered pursuant to the procedure for book-entry transfer described below and a Book-Entry Confirmation must be received by the Depositary (including an Agent's Message), in each case prior to the Expiration Date or the expiration of the Subsequent Period, if any, or (ii) the tendering Stockholder must comply with the guaranteed delivery procedures described below.

THE METHOD OF DELIVERY OF SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH THE BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Book-Entry Transfer. The Depositary will establish an account with respect to the Shares at the Book-Entry Transfer Facility for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the system of the Book-Entry Transfer Facility may make a book-entry delivery of Shares by causing the Book-Entry Transfer Facility to transfer such Shares into the Depositary's account at the Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility's procedures for such transfer. However, although delivery of Shares may be effected through book-entry transfer at the Book-Entry Transfer Facility, the Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message and any other required documents, must, in any case, be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date or the expiration of the Subsequent Period, if any, or the tendering Stockholder must comply with the guaranteed delivery procedure described below. DELIVERY OF DOCUMENTS TO THE BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

Signature Guarantees. Signatures on all Letters of Transmittal must be guaranteed by a firm which is a member of the Security Transfer Agent Medallion Signature Program, or by any other "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing being referred to as an "Eligible Institution"), except in cases where Shares are tendered (i) by a registered holder of Shares who has not completed either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution. If a Share Certificate is registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made, or a Share Certificate not accepted for payment or not tendered is to be returned, to a person other than the registered holder(s), then the Share Certificate must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear on the Share Certificate, with the signature(s) on such Share Certificate or stock powers guaranteed by an Eligible Institution. See Instructions 1 and 5 of the Letter of Transmittal.

Guaranteed Delivery. If a Stockholder desires to tender Shares pursuant to the Offer and such Stockholder's Share Certificates evidencing such Shares are not immediately available or such Stockholder cannot deliver the Share Certificates and all other required documents to the Depositary prior to the Expiration Date, or such Stockholder cannot complete the procedure for delivery by book-entry transfer on a timely basis, such Shares may nevertheless be tendered, provided that, all the following conditions are satisfied:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form enclosed with this Offer to Purchase, is received prior to the Expiration Date by the Depositary as provided below; and

(iii) the Share Certificates (or a Book-Entry Confirmation) evidencing all tendered Shares, in proper form for transfer, in each case together with the Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message, and any other documents required by the Letter of Transmittal are received by the Depositary within five NYSE trading days after the date of execution of such Notice of Guaranteed Delivery. For the purpose of the foregoing, a trading day is any day on which the NYSE is open for business.

The Notice of Guaranteed Delivery described above may be delivered by hand or mail or by facsimile transmission to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in the form of Notice of Guaranteed Delivery made available by Purchaser. The procedures for guaranteed delivery specified above may not be used during any Subsequent Period.

In all cases (including during any Subsequent Period), payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of the Share Certificates evidencing such Shares, or a Book-Entry Confirmation of the delivery of such Shares, and the Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message, and any other documents required by the Letter of Transmittal. Under no circumstances will we pay interest on the purchase price of the Shares, regardless of any extension of the Offer or any delay in mailing such payment.

Determination of Validity. ALL QUESTIONS AS TO THE FORM OF DOCUMENTS AND THE VALIDITY, FORM, ELIGIBILITY (INCLUDING TIME OF RECEIPT) AND ACCEPTANCE FOR PAYMENT OF ANY TENDER OF SHARES WILL BE DETERMINED BY PURCHASER, IN ITS SOLE DISCRETION, WHICH DETERMINATION SHALL BE FINAL AND BINDING ON ALL PARTIES. Purchaser reserves the absolute right to reject any and all tenders determined by it not to be in proper form or the acceptance for payment of which may, in the opinion of Purchaser, be unlawful. Purchaser also reserves the absolute right to waive any condition of the Offer to the extent permitted by applicable law and the Merger Agreement or any defect or irregularity in the tender of any Shares of any particular Stockholder, whether or not similar defects or irregularities are waived in the case of other Stockholders. NO TENDER OF SHARES WILL BE DEEMED TO HAVE BEEN VALIDLY MADE UNTIL ALL DEFECTS OR IRREGULARITIES HAVE BEEN CURED OR WAIVED. NONE OF PURCHASER, PARENT OR ANY OF THEIR RESPECTIVE AFFILIATES OR ASSIGNS, THE DEALER MANAGER, THE DEPOSITARY, THE INFORMATION AGENT, THE COMPANY OR ANY OTHER PERSON WILL BE UNDER ANY DUTY TO GIVE NOTIFICATION OF ANY DEFECTS OR IRREGULARITIES IN TENDERS OR INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTIFICATION. Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the instructions thereto) will be final and binding.

A tender of Shares pursuant to any of the procedures described above will constitute the tendering Stockholder's acceptance of the terms and conditions of the Offer, as well as the tendering Stockholder's representation and warranty to Purchaser that (i) such Stockholder has the full power and authority to tender, sell, assign and transfer the tendered Shares (and any and all other Shares or other securities issued or issuable in respect of such Shares), and (ii) when the same are accepted for payment by Purchaser, Purchaser will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims.

The acceptance for payment by Purchaser of Shares pursuant to any of the procedures described above will constitute a binding agreement between the tendering Stockholder and Purchaser upon the terms and subject to the conditions of the Offer.

Appointment as Proxy. By executing the Letter of Transmittal enclosed with this Offer to Purchase (or a facsimile copy thereof), or through delivery of an Agent's Message, a tendering Stockholder irrevocably appoints designees of Purchaser as such Stockholder's agents, attorneys-in-fact and proxies, each with full power of substitution, in the manner set forth in the Letter of Transmittal, to the full extent of such Stockholder's rights with respect to the Shares tendered by such Stockholder and accepted for payment by Purchaser and with respect to any and all other Shares or other securities issued or issuable in respect of such Shares on or after the date of this Offer to Purchase. All such powers of attorney and proxies shall be considered irrevocable and coupled with an interest in the tendered Shares. Such appointment will be effective when, and only to the extent that, Purchaser accepts such Shares for payment. Upon such acceptance for payment, all prior powers of attorney and proxies given by such Stockholder with respect to such Shares (and such other Shares and securities) will be revoked, without further action, and no subsequent powers of attorney or proxies may be given nor any subsequent written consent executed by such Stockholder (and, if given or executed, will not be deemed to be effective) with respect thereto. Purchaser's designees will, with respect to the Shares for which the appointment is effective, be empowered to exercise all voting and other rights of such Stockholder as they in their sole discretion may deem proper at any annual or special meeting of the holders of Shares or any adjournment or postponement thereof, by written consent in lieu of any such meeting or otherwise. Purchaser reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon Purchaser's payment for such Shares, Purchaser must be able to exercise full voting rights with respect to such Shares (and such other Shares and securities).

BACKUP WITHHOLDING. UNDER THE "BACKUP WITHHOLDING" PROVISIONS OF U.S. FEDERAL INCOME TAX LAW, THE DEPOSITARY MAY BE REQUIRED TO WITHHOLD AND PAY TO THE INTERNAL REVENUE SERVICE A PORTION OF ANY PAYMENT MADE PURSUANT TO THE OFFER. IN ORDER TO AVOID BACKUP FEDERAL INCOME TAX WITHHOLDING WITH RESPECT TO PAYMENT TO CERTAIN STOCKHOLDERS OF THE PURCHASE PRICE OF SHARES PURCHASED PURSUANT TO THE OFFER, EACH STOCKHOLDER WHO IS A U.S. CITIZEN OR U.S. RESIDENT ALIEN MUST, UNLESS AN EXEMPTION APPLIES, PROVIDE THE DEPOSITARY WITH SUCH STOCKHOLDER'S CORRECT TAXPAYER IDENTIFICATION NUMBER AND CERTIFY THAT SUCH STOCKHOLDER IS NOT SUBJECT TO BACKUP FEDERAL INCOME TAX WITHHOLDING BY COMPLETING THE SUBSTITUTE FORM W-9 IN THE LETTER OF TRANSMITTAL (IN THE CASE OF U.S. STOCKHOLDERS) OR IRS FORM W-8 OR A SUITABLE SUBSTITUTE FORM (IN THE CASE OF NON-U.S. STOCKHOLDERS). SEE INSTRUCTION 9 OF THE LETTER OF TRANSMITTAL.

SECTION 4. WITHDRAWAL RIGHTS

Any tender of Shares made pursuant to the Offer is irrevocable except that such Shares may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by Purchaser pursuant to the Offer, may also be withdrawn at any time after July 24, 2004. Once Shares are accepted for payment, such Shares will no longer be able to be withdrawn. If Purchaser extends the Offer, is delayed in its acceptance for payment of Shares or is unable to accept Shares for payment pursuant to the Offer for any reason, then, without prejudice to Purchaser's rights under the Offer, the Depositary may, nevertheless, on behalf of Purchaser, retain tendered Shares, and such Shares may not be withdrawn, except to the extent that tendering Stockholders are entitled to withdrawal rights as described in this "Section 4—Withdrawal Rights." However, our ability to delay payment for Shares that we have accepted for payment is limited by the Exchange Act, which requires that a bidder pay the

consideration offered or return the securities tendered by or on behalf of holders of securities promptly after the termination or withdrawal of such bidder's offer. Any such delay will be by an extension of the Offer to the extent required by law. If Purchaser provides for a Subsequent Period, Shares tendered during the Subsequent Period may not be withdrawn. See "Section 1—Terms of the Offer; Expiration Date."

For a withdrawal of Shares previously tendered in the Offer to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover page of this Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of such Shares, if different from that of the person who tendered such Shares. If Share Certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such Share Certificates, the serial numbers shown on such Share Certificates must be submitted to the Depositary and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution, unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer as set forth in "Section 3—Procedures for Accepting the Offer and Tendering Shares," any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the Book-Entry Transfer Facility's procedures.

ALL QUESTIONS AS TO THE FORM AND VALIDITY (INCLUDING TIME OF RECEIPT) OF ANY NOTICE OF WITHDRAWAL WILL BE DETERMINED BY PURCHASER, IN ITS SOLE DISCRETION, WHOSE DETERMINATION WILL BE FINAL AND BINDING. NONE OF PURCHASER, PARENT OR ANY OF THEIR RESPECTIVE AFFILIATES OR ASSIGNS, THE DEALER MANAGER, THE DEPOSITARY, THE INFORMATION AGENT, THE COMPANY OR ANY OTHER PERSON WILL BE UNDER ANY DUTY TO GIVE ANY NOTIFICATION OF ANY DEFECTS OR IRREGULARITIES IN ANY NOTICE OF WITHDRAWAL OR INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTIFICATION.

Withdrawals of Shares May Not Be Rescinded. Any Shares properly withdrawn will thereafter be deemed not to have been validly tendered for purposes of the Offer. However, withdrawn Shares may be re-tendered at any time prior to the Expiration Date (or during any Subsequent Period) by following one of the procedures described in "Section 3—Procedures for Accepting the Offer and Tendering Shares" (except Shares may not be re-tendered using the procedures for guaranteed delivery during any Subsequent Period).

The method of delivery of any notice of withdrawal is at the option and risk of the tendering Stockholder, and delivery of any notice of withdrawal will be made only when actually received by the Depositary.

SECTION 5. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of certain U.S. federal income tax consequences of the Offer and the Merger relevant to a beneficial holder of Shares whose Shares are sold for cash pursuant to the Offer or converted into the right to receive cash in the Merger (a "Holder"). This discussion is for general informational purposes only and does not address all aspects of U.S. federal income taxation that may be relevant to particular Holders in light of their specific investment or tax circumstances. The discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion applies only to Holders who are citizens or residents of the United States and who hold Shares as "capital assets" within the meaning of Section 1221 of the Code and

may not apply to Holders who acquired their Shares pursuant to the exercise of employee stock options or otherwise as compensation or who hold their Shares as part of a hedge, straddle or conversion transaction. In addition, this discussion does not apply to certain types of Holders subject to special tax rules including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker dealers and persons who hold their Shares as a part of "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment. The tax consequences of the Offer and the Merger to Holders who hold their Shares through a partnership or other pass-through entity generally will depend upon such Holder's status for U.S. federal income tax purposes. This discussion does not address the U.S. federal income tax consequences to a Holder that, for U.S. federal income tax purposes, is: (i) an individual who is not a U.S. resident or citizen; (ii) a foreign corporation; (iii) a foreign partnership; or (iv) a foreign estate or trust, nor does it consider the effect of any state, local or foreign income tax or other tax laws. **EACH STOCKHOLDER IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE SPECIFIC U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE OFFER AND THE MERGER IN LIGHT OF SUCH HOLDER'S SPECIFIC TAX SITUATION.**

The receipt of cash for Shares pursuant to the Offer or the Merger will be a taxable transaction for U.S. federal income tax purposes and may also be a taxable transaction under state, local, or foreign tax laws. In general, a Holder who receives cash in exchange for Shares pursuant to the Offer or the Merger will recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received by the Holders and the Holder's adjusted tax basis in the Shares sold pursuant to the Offer or surrendered for cash pursuant to the Merger. Gain or loss will be determined separately for each block of Shares (i.e., Shares acquired at the same cost in a single transaction) sold for cash pursuant to the Offer or surrendered for cash pursuant to the Merger. Such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if such Shares have been held for more than one year at the time of the consummation of the Offer or the Merger, as the case may be. Certain limitations may apply to the use of capital losses.

SECTION 6. PRICE RANGE OF SHARES; DIVIDENDS

The Shares are listed and principally traded on the NYSE under the symbol "NEB." The following table sets forth, for the quarters indicated, the high and low sales prices per Share on the NYSE as reported by the Dow Jones News Service. The Company has declared and paid a $.20 dividend on the Shares in each calendar quarter in 2002 and 2003 and a $.22 dividend on the Shares in each of the first and second quarters of 2004.

SHARES MARKET DATA

	High	Low
2002:		
First Quarter	$ 21.37	$ 15.87
Second Quarter	19.99	16.58
Third Quarter	26.00	18.51
Fourth Quarter	29.30	23.25
2003:		
First Quarter	$ 26.59	$ 20.00
Second Quarter	24.40	20.20
Third Quarter	25.61	21.01
Fourth Quarter	29.85	23.90
2004:		
First Quarter	$ 34.00	$ 29.15
Second Quarter (through May 21, 2004)	43.85	32.08

On May 14, 2004, the last full trading day prior to the announcement of the execution of the Merger Agreement and of Purchaser's intention to commence the Offer, the closing price per Share as reported on the NYSE was $33.31. On May 21, 2004, the last full trading day prior to the printing of this Offer to Purchase, the closing price per Share as reported on the NYSE was $43.80.

STOCKHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

SECTION 7. CERTAIN INFORMATION CONCERNING THE COMPANY

Except as otherwise set forth in this Offer to Purchase, all of the information concerning the Company contained in this Offer to Purchase, including any financial information, has been furnished by the Company or has been taken from or based upon publicly available documents and records on file with the SEC and other public sources. Neither Purchaser nor Parent assumes any responsibility for the accuracy or completeness of the information concerning the Company furnished by the Company or contained in such documents and records or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Purchaser or Parent.

General. The Company is a Delaware corporation with its principal executive offices located at 500 Main Street, Groton, Massachusetts 01471. The Company's telephone number is (978) 448-6111.

The Company's industry segments are (i) "Direct Marketing-US", representing those business operations that sell principally printed products such as checks and business forms to small businesses through direct marketing in the United States, (ii) "Direct and Distributor Sales", which sells primarily checks and business forms to small businesses through a direct sales force to the customer and through both independent and local, dedicated distributors in the United States and Canada, (iii) "Apparel", which utilizes independent sales representatives to market its specialty apparel products and to solicit orders from customers in the promotional products/advertising specialty industry, (iv) "Packaging and Display Products", which primarily resells packaging and shipping supplies and retail signage marketed through a combination of direct marketing and direct selling efforts, and (v) "International", which sells principally printed products such as checks and business forms to small businesses in Canada, the United Kingdom and France through direct marketing, independent distributors or by directly selling to the customer.

Available Information. The Company is subject to the informational filing requirements of the Exchange Act and, in accordance therewith, is required to file periodic reports, proxy statements and other information with the SEC relating to its business, financial condition and other matters. Information as of particular dates concerning the Company's directors and officers, their remuneration, stock options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company is required to be disclosed in proxy statements distributed to the holders of Shares and filed with the SEC. Such reports, proxy statements and other information are available for inspection at the public reference facilities maintained by the SEC at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such materials may also be obtained by mail, upon payment of the SEC's customary fees, by writing to its principal office at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC also maintains a website on the Internet at http://www.sec.gov that contains reports and other information regarding issuers that file electronically with the SEC.

SECTION 8. CERTAIN INFORMATION CONCERNING PURCHASER AND PARENT

General. Purchaser is a newly incorporated Delaware corporation organized in connection with the Offer and the Merger and has not carried on any activities other than in connection with the Offer and the Merger. The principal offices of Purchaser are located at 3680 Victoria Street North, Shoreview, Minnesota 55126 and its telephone number is (651) 483-7111. Purchaser is an indirect wholly owned subsidiary of Parent.

Until immediately prior to the time that Purchaser will purchase Shares pursuant to the Offer, it is not anticipated that Purchaser will have any significant assets or liabilities or engage in activities other than those incident to its formation and capitalization and the transactions contemplated by the Offer and the Merger. All outstanding shares of capital stock of Purchaser are indirectly owned by Parent. Because Purchaser is newly formed and has minimal assets and capitalization, no meaningful financial information regarding Purchaser is available.

Parent is a Minnesota corporation. Its principal offices are located at 3680 Victoria Street North, Shoreview, Minnesota 55126 and its telephone number is (651) 483-7111. Parent provides personal and business checks, business forms, labels, personalized stamps, fraud prevention services and customer retention programs to banks, credit unions, financial services companies, consumers and small businesses. Common shares of Parent are listed on the NYSE.

The name, citizenship, business address, business telephone number, principal occupation or employment, and five-year employment history for each of the directors and executive officers of Purchaser and Parent and certain other information are set forth in Schedule I hereto. Except as described in this Offer to Purchase and in Schedule I hereto, none of Parent, Purchaser or, to the best knowledge of such corporations, any of the persons listed on Schedule I to this Offer of Purchase has during the last five years (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

Interest in Securities of the Company. Except as described in this Offer to Purchase, (i) none of Purchaser, Parent or, to the best knowledge of Purchaser and Parent, any of the persons listed on Schedule I to this Offer to Purchase or any associate or majority owned subsidiary of Purchaser, Parent or any of the persons so listed, beneficially owns or has any right to acquire any Shares and (ii) none of Purchaser, Parent nor, to the best knowledge of Purchaser and Parent, any of the persons or entities referred to above nor any director, executive officer or subsidiary of any of the foregoing has effected any transaction in the Shares during the past 60 days.

Except as provided in the Merger Agreement and this Offer to Purchase, none of Purchaser, Parent nor, to the best knowledge of Purchaser and Parent, any of the persons listed on Schedule I to this Offer to Purchase, has any agreement, arrangement or understanding, whether or not legally enforceable, with any other person with respect to any securities of the Company, including, but not limited to, the transfer or voting of such securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies, consents or authorizations.

Except as set forth in this Offer to Purchase, since June 28, 2000, neither Purchaser nor Parent nor, to the best knowledge of Purchaser and Parent, any of the persons listed on Schedule I hereto, has had any transaction with the Company or any of its executive officers, directors or affiliates that is required to be reported under the rules and regulations of the SEC applicable to the Offer.

Except as set forth in this Offer to Purchase, since June 28, 2000, there have been no negotiations, transactions or material contacts between any of Purchaser, Parent, or any of their respective subsidiaries or, to the best knowledge of Purchaser and Parent, any of the persons listed on Schedule I to this Offer to Purchase, on the one hand, and the Company or its affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer for or other acquisition of any class of the Company's securities, an election of the Company's directors or a sale or other transfer of a material amount of assets of the Company.

SECTION 9. FINANCING OF THE OFFER AND THE MERGER

The funds required by Purchaser to consummate the Offer and the Merger, repay or refinance debt of the Company and to pay related fees and expenses is estimated to be approximately $790 million. Purchaser will obtain such funds from Parent and/or one or more of its subsidiaries, who will be obtaining such funds from a $800 million bridge financing that Parent has arranged with Bank One, NA, The Bank of New York and Wachovia Bank, National Association ("Bank"). The Offer is not conditioned on obtaining financing.

On May 24, 2004, Parent and Bank entered into a credit agreement, a copy of which is attached as Exhibit (b) to the Tender Offer Statement on Schedule TO (the "Schedule TO") filed by Purchaser and Parent with the SEC in connection with the Offer (the "Credit Agreement"), pursuant to which Bank established a committed, fully funded acquisition facility for Parent and its wholly owned subsidiaries in the amount of up to $800 million (the "Facility") to acquire Shares pursuant to the Offer, pay the Merger Consideration, pay related expenses and/or repay or refinance debt of the Company. The following summary of the principal terms of the Facility is qualified in its entirety by reference to the Credit Agreement which is incorporated herein by reference. Bank One has underwritten 100% of the Facility and has the right to syndicate the Facility to other financial institutions. Capitalized term used in this Section 9 but not otherwise defined in this offer to purchase have the meanings assigned to them in the Credit Agreement.

The Facility is a 364-day unsecured revolving credit loan that will be available in U.S. Dollars, and will bear interest at a rate of either (1) the Base Rate plus the Base Rate Applicable Margin for Base Rate Committed Loans (as set forth in the Pricing Grid of the Credit Agreement), or (2) the LIBO Rate plus the LIBO Rate Applicable Margin for Offshore Rate Loans (as set forth in the Pricing Grid of the Credit Agreement), to be chosen by the Parent. In addition, the Credit Agreement includes customary provisions (a) protecting the lenders against certain increased costs or loss of yield and (b) indemnifying the lenders for certain costs in connection with, among other things, any prepayment of Offshore Rate Loans on a day other than the last day of an interest period with respect thereto. The Credit Agreement contains customary indemnification provisions.

The Credit Agreement contains representations and warranties, covenants, events of default and other provisions customary for similar facilities. The Credit Agreement includes a financial covenant

that the minimum interest coverage (EBIT to interest expense) shall not be less than 2.5 to 1.0. In addition, Bank shall be paid a fee equal to the per annum percentage identified as the Applicable Fee Rate (as set forth in the Pricing Grid of the Credit Agreement) multiplied by the average daily unused portion of the Commitment (as set forth in the Pricing and Grid of the Credit Agreement).

The initial draw down shall be conditioned on, among other things: (i) the initial funding occurring no later than 120 days after commencement of the Offer; (ii) the absence of default or unmatured default; (iii) evidence satisfactory to the Facility's administrative agent of proper director approval; and (iv) the absence of litigation which would reasonably be expected to result in a material adverse effect on the financial condition of Parent; and (v) the satisfaction or waiver of all conditions precedent to the consummation of the Offer.

It is anticipated that indebtedness incurred under the Facility will be repaid from funds generated internally by Parent and its subsidiaries and from other sources that may include the proceeds from the sale of non-core assets or the sale of securities in the capital markets. No final decisions have been made concerning the method that Parent will employ to repay such indebtedness. Such decisions when made will be based on Parent's review from time to time of the advisability of particular actions as well as on prevailing interest rates and financial and other economic conditions.

SECTION 10. BACKGROUND OF THE OFFER; CONTACTS WITH THE COMPANY; THE MERGER AGREEMENT

GENERAL BACKGROUND OF THE OFFER.

In March of 2003, Larry Mosner, Chief Executive Officer of Parent, called Robert Murray, then Chairman and Chief Executive Officer of the Company, to arrange a meeting to explore the possibility of combining the two companies. Mr. Murray tentatively agreed to meet with Mr. Mosner subject to Parent entering into the Company's customary mutual confidentiality agreement, including a standstill agreement from Parent. No meeting was held at that time because Parent declined to enter into such an agreement.

On August 4, 2003, as part of Parent's annual strategic planning review, Parent's board of directors discussed the Company as a possible acquisition candidate, including a detailed discussion of the strategic merits of a potential acquisition and the projected financial returns of such a transaction. Parent's board determined that further due diligence would be necessary to evaluate fully the synergies, acquisition price and return on investment.

On September 17, 2003, at a meeting of the Parent's Finance Committee (the "Finance Committee"), Goldman, Sachs & Co. ("Goldman Sachs"), the Parent's financial adviser, presented analyses of the Company as an acquisition candidate including an analysis of synergy opportunities and valuation estimates. The Finance Committee directed Mr. Mosner to contact Mr. Murray and express interest in entering into discussions regarding a possible business combination.

Over the next month, Mr. Mosner repeatedly attempted to contact Mr. Murray about the possibility of entering into discussions regarding a possible business combination.

On October 21, 2003, Mr. Mosner telephoned Mr. Murray, and again proposed the idea of combining the two companies. Mr. Murray stated that he would address such a proposal at the Company's board meeting on October 24, 2004. Mr. Murray explained to Mr. Mosner that it was not the Company's practice to enter into such discussions without having a mutual confidentiality agreement, including a standstill agreement from Parent, in place. Mr. Mosner agreed to reconsider entering into such an agreement.

Following a telephone call he received from Mr. Murray, on October 28, 2003, Mr. Mosner informed Parent's board, at its regularly scheduled meeting that day, that the Company's board had determined that it did not want to pursue discussions. Parent's board determined that it would like to

continue to pursue discussions with the Company and authorized Mr. Mosner to send a follow-up letter to the Company.

On November 7, 2003, Mr. Mosner sent a letter to Mr. Murray and Richard Riley, then President and Chief Operating Officer of the Company, reiterating Parent's strong interest in pursuing a possible combination of the Company and Parent. Messrs. Murray and Riley responded by letter on November 13, 2003, in which they reiterated the view of the Company's board that the interests of the Company and its stockholders were best served by the continued pursuit of the Company's strategic plan and, accordingly, that the Company's board had determined not to pursue discussions with Parent.

On November 24, 2003, at a meeting of the Finance Committee, the Finance Committee was informed that the Company had declined the invitation to explore a possible business combination communicated in the initial letter of interest that was sent by Mr. Mosner at the instruction of Parent's board.

On December 2, 2003, Goldman Sachs presented Parent's board with options for attempting to engage the Company in discussions regarding the possible business combination. Parent's board instructed Mr. Mosner to send another letter to the Company in another attempt to engage them in discussions.

On December 3, 2003, Mr. Mosner sent a letter to Messrs. Murray and Riley, with a copy to the Company's board. The letter stated that Parent understood a transaction involving a combination of Parent and the Company would need to provide the Company's stockholders with an attractive premium to the current market price and that Parent and Parent's board of directors remained committed to completing such a transaction.

On December 22, 2003, Messrs. Murray and Riley called Mr. Mosner and advised him that, while the Company's board was of the view that the interests of the Company and its stockholders were best served by the continued pursuit of the Company's strategic plan, it was clear to the Company's board that Parent was intent on making a proposal to acquire the Company and that, therefore, the Company was prepared to enter into discussions with Parent subject to entering into an acceptable mutual confidentiality agreement, including a standstill agreement from Parent. The parties agreed to defer commencement of discussions until the Company had retained financial advisors and the mutual confidentiality agreement, including a standstill agreement from Parent, was signed.

On January 1, 2004, pursuant to a previously announced succession plan, Mr. Riley became the President and Chief Executive Officer of the Company and Mr. Murray became the Non-Executive Chairman of the Company.

On January 8, 2004, Mr. Mosner informed the Finance Committee that he had had discussions with the Company in which it was suggested that the Company would be willing to have discussions but would require a confidentiality agreement between the Parent and Company. In late January, the Parent's board authorized the negotiation of a confidentiality agreement, including a standstill provision.

From January 22, 2004 through early February, the Company and Parent negotiated the terms of a mutual confidentiality agreement, including an 18-month standstill agreement from Parent, which was signed on February 12, 2004. On February 13, 2004, Mr. Mosner called Mr. Riley to discuss how to proceed with exploring a possible business combination of Parent and the Company.

On February 25, 2004, Messrs. Mosner and Riley met and discussed the process and timing for further discussions. Mr. Mosner reiterated Parent's interest in a business combination with the Company.

Throughout late February and March, Parent conducted due diligence. On March 10, 2004, members of the Company's and Parent's management teams, along with their respective financial advisors, met to discuss due diligence matters.

On March 9, 2004, Goldman Sachs led Parent's board through a review of preliminary due diligence and financial modeling. Parent's board determined that, in its view, the appropriate valuation was in the range of the low- to mid-forties per share. Parent's board authorized a non-binding offer at a price of $42.00 per share.

On March 12, 2004, Mr. Mosner called Mr. Riley and sent a letter to Mr. Riley stating that Parent was interested in acquiring the Company in a transaction in which the stockholders of the Company would receive $42.00 per share in cash for all the outstanding shares (including the cash-out of outstanding stock options). Mr. Mosner stated that this non-binding indication of interest was subject to further due diligence and negotiation of a definitive agreement, but not be subject to a financing condition. Mr. Mosner requested that the Company agree to a 30-day exclusivity period while Parent completed its due diligence. Mr. Riley told Mr. Mosner that he would convey Mr. Mosner's proposal to the Company's board, but that he believed the Company's board would not be inclined at that time to pursue a transaction on the terms described by Mr. Mosner. Mr. Mosner expressed interest in continuing discussions regardless of the Company board's decision.

Mr. Riley called Mr. Mosner on March 16, 2004 and advised him that the Company's board was of the position that Parent had not presented its best price for consideration. In response, Mr. Mosner indicated that Parent needed additional information before it could reconsider the price.

Over the next week, discussions ensued between Mr. Mosner and Mr. Riley and between Morgan Stanley, the Company's financial advisor, and Goldman Sachs concerning the additional information Parent needed in order to reconsider its non-binding offer price.

On March 25, 2004, Mr. Mosner telephoned Mr. Riley. Mr. Mosner indicated Parent's desire to continue discussions and indicated that Parent might be willing to improve its non-binding offer price, if the Company could provide further information supporting such an improvement. Mr. Riley agreed to provide additional information, but stressed the need to bring this process to a definitive conclusion in a short period of time.

On April 2, 2004, members of the Company's management team, including Mr. Riley and Daniel Junius, the Chief Financial Officer of the Company, and Parent's management team, including Mr. Mosner and Douglas Treff, the Chief Financial Officer of Parent, along with their respective financial advisors, met to address Parent's additional informational requests.

On April 5, 2004, the Finance Committee again discussed valuation models and also discussed the proposed terms of an acquisition. The Finance Committee approved an increase in the non-binding offer price to $43.00.

On April 6, 2004, Mr. Mosner called Mr. Riley and sent a follow-up letter stating that Parent was prepared to raise its non-binding offer price to $43.00 per share in cash, subject to completion of due diligence and other conditions previously communicated to the Company.

On April 7, 2004, Mr. Riley informed Mr. Mosner that the Company's board was not inclined at this time to pursue a transaction with Parent at $43.00 per share.

On April 15, 2004, Mr. Mosner called Mr. Riley and reported that Parent would not raise its non-binding offer price.

On April 19, 2004, Mr. Riley called Mr. Mosner to tell him that if Parent could increase its offer price to $44.00 per share, Mr. Riley would take it to the Company's board for their consideration.

On April 21, 2004, the Finance Committee discussed a non-binding indication of interest at the price of $44.00 per share with management and representatives from Goldman Sachs, and authorized Parent to move forward with an non-binding offer price of $44.00 per share, subject to a period of exclusivity within which it could complete comprehensive due diligence, board approval of definitive agreements, the development of a transition plan and the validation of financial models.

On April 22, 2004, Mr. Mosner called Mr. Riley and increased the non-binding offer price to $44.00 per share in cash subject to Parent being given an additional 30-day period in which to conduct further due diligence and the Company's agreeing to a 30-day exclusivity period while Parent completed its due diligence. Mr. Riley informed Mr. Mosner that it was unlikely that the Company's board would agree to such an extended diligence period or an exclusivity period.

Over the next few days, the Company and Parent, and their respective advisors, entered into discussions regarding the further operational, financial and legal diligence to be conducted by Parent, the time period for such diligence and whether the Company would agree to deal exclusively with Parent during this period.

On April 29, 2004, Parent and the Company entered into a letter agreement providing that the Company and its advisors would terminate discussions, if any, regarding alternative transactions to the possible business combination proposed by Parent and that, until May 17, 2004, the Company would not solicit any alternative proposals for a possible business combination.

On the evening of May 4, 2004, Dorsey & Whitney LLP ("Dorsey"), counsel to Parent, distributed a draft Merger Agreement to the Company, Skadden, Arps, Slate, Meagher and Flom LLP, counsel to the Company, and Morgan Stanley. From such time through the early morning of May 17, 2004, representatives of the Company and Parent, working with their respective legal and financial advisors, negotiated and finalized the terms of the Merger Agreement and other terms of the transaction.

On May 6, and May 7, 2004, Messrs. Riley and Junius, met with Messrs. Mosner and Treff. The group discussed certain matters concerning the proposed business combination.

On May 16, 2004, both the Company's board and the Parent's board approved the transaction. The Merger Agreement was signed early in the morning of May 17, 2004 and the transaction was publicly announced later that morning.

THE MERGER AGREEMENT AND RELATED AGREEMENTS

The Merger Agreement.

THE FOLLOWING IS A SUMMARY OF THE MERGER AGREEMENT. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MERGER AGREEMENT, WHICH IS INCORPORATED HEREIN BY REFERENCE, AND A COPY OF WHICH HAS BEEN FILED AS AN EXHIBIT TO THE SCHEDULE TO. CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS ASCRIBED TO THEM IN THE MERGER AGREEMENT. THE MERGER AGREEMENT MAY BE EXAMINED AND COPIES MAY BE OBTAINED AT THE PLACES SET FORTH IN "SECTION 7—CERTAIN INFORMATION CONCERNING THE COMPANY."

The Offer. The Merger Agreement provides that Purchaser will commence the Offer as promptly as practicable, and in any event no later than May 26, 2004, and that, subject to the satisfaction of the Minimum Condition, the HSR Condition and certain other conditions that are described in "Section 14—Certain Conditions of the Offer" (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), Purchaser will accept for payment, and pay for, all Shares validly tendered pursuant to the Offer and not withdrawn on or prior to the Expiration Date.

Purchaser expressly reserves the right to waive any of the conditions to the Offer and to make any other changes in the terms and conditions to the Offer; provided that, Purchaser and Parent have agreed that no change in the Offer may be made that (a) changes the form of consideration payable in the Offer, (b) decreases the Offer Price or the number of Shares sought in the Offer, (c) imposes any additional conditions to the Offer or modifies any of the conditions to the Offer described in "Section 14—Certain Conditions of the Offer," (d) changes the terms of the Offer in any manner adverse to the holders of the Shares, or (e) except as discussed below, extends the Offer beyond the initial Expiration Date of the Offer.

The Merger Agreement provides that Purchaser may, without the consent of the Company, extend the Offer (i) beyond the scheduled expiration date, which is 20 business days following the date of the commencement of the Offer, if, at the scheduled expiration of the Offer, any of the conditions to Purchaser's obligation to accept for payment Shares as described in "Section 14—Certain Conditions of the Offer," are not satisfied or waived, (ii) for any period required by any rule, regulation or interpretation of the SEC, or the staff thereof, applicable to the Offer or any period required by applicable law, and (iii) for three business days following Parent's receipt of a notice from the Company that it has received a Superior Proposal, if such notice is delivered to Parent less than three business days prior to the then scheduled expiration date of the Offer. The Merger Agreement further provides that Purchaser may, without the consent of the Company, extend the Offer for a subsequent offering period of up to an additional 20 business days in the aggregate in accordance with Rule 14d-11 promulgated under the Exchange Act, beyond the scheduled expiration date if, as of such date, all of the conditions of the Offer are satisfied or have been waived but the aggregate number of Shares tendered and not withdrawn, together with Shares then owned by Purchaser and Parent, is not at least 90% of the then outstanding Shares on a fully diluted basis. Notwithstanding anything to the contrary in this paragraph and except as otherwise discussed in this "Section 10—Background of the Offer; Contacts with the Company; the Merger Agreement—the Merger Agreement," in the cases described in clauses (i), (ii) and (iii) above, Purchaser is not permitted to extend the Offer beyond September 22, 2004.

Appointment of Directors after Acceptance for Payment of Shares Tendered in the Offer. Effective upon the acceptance for payment pursuant to our Offer of any Shares, Parent is entitled to designate a number of directors, rounded up to the next whole number, to serve on the Company's board of directors as will give Purchaser representation on the Company's board of directors equal to the product of (i) the total number of directors on the Company's board of directors (giving effect to the election of additional directors designated by Parent), and (ii) the percentage that the number of Shares beneficially owned by Parent and/or Purchaser bears to the number of Shares outstanding. The Company will take all actions necessary to cause Parent's designees to be elected or appointed to the Company's board of directors, including increasing the size of the Company's board of directors and/or securing the resignations of incumbent directors (including, if necessary, to ensure that a sufficient number of independent directors are serving on the Company's board of directors in order to satisfy the NYSE listing requirements). At such time, the Company will also cause individuals designated by Parent to constitute the same percentage as is on the Company's entire board of directors, rounded up to the next whole number, to be on (i) each committee of the Company's board of directors and (ii) each board of directors and each committee thereof of each Subsidiary of the Company, in each case only to the extent permitted by applicable law and the rules of the NYSE. The Company will use its commercially reasonable efforts to cause the Company's board of directors to have at least two directors who were directors on May 17, 2004 and who are not employed by the Company and who are not affiliates, stockholders or employees of Parent or any of its Subsidiaries. If any Independent Director ceases to be a director for any reason whatsoever, the remaining Independent Directors (or Independent Director, if there is only one remaining) will be entitled to designate any other Person who must not be an affiliate, stockholder or employee of Parent or any of its Subsidiaries to fill the vacancy and such person will be deemed to be an Independent Director for purposes of the Merger

Agreement. If at any time there are no Independent Directors, the other directors of the Company then in office must designate two persons to fill such vacancies and those persons will not be affiliates, stockholders or employees of Parent or any of its Subsidiaries and such persons will be deemed to be Independent Directors for all purposes of the Merger Agreement. In all cases, the selection of any Independent Directors who were not directors on May 17, 2004 will be subject to the approval of Parent, not to be unreasonably withheld or delayed.

The Merger. The Merger Agreement provides that, following the satisfaction or waiver of the conditions to the Merger described below under the caption "Conditions to the Merger," Purchaser will be merged with and into the Company in accordance with the applicable provisions of Delaware Law, and the Company will continue as the surviving corporation in the Merger (the "Surviving Corporation") and the separate corporate existence of Purchaser will cease.

Certificate of Incorporation and Bylaws. The Merger Agreement provides that upon consummation of the Merger, the Certificate of Incorporation of the Company, as in effect immediately prior to the Merger, will be the Certificate of Incorporation of the Surviving Corporation, and the Bylaws of Purchaser, as in effect immediately prior to the Merger, will be the Bylaws of the Surviving Corporation.

Directors and Officers. Under the terms of the Merger Agreement, upon consummation of the Merger, the directors of the Purchaser immediately prior to the Merger will be the directors of the Surviving Corporation, and the officers of the Company immediately prior to the Merger will be the officers of the Surviving Corporation, in each case until their respective death, resignation or removal or until their respective successors are duly elected and qualified all in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation and Delaware Law.

Special Meeting of Stockholders. Pursuant to the Merger Agreement, the Company will, acting through the Company's board of directors as then constituted, if required by applicable law and in accordance with Delaware Law and the Company's Certificate of Incorporation and Bylaws, convene and hold a meeting of its Stockholders as promptly as practicable following the purchase of Shares in the Offer for the purpose of considering and taking action on the Merger Agreement and the Merger and include in the letter to Stockholders, notice of meeting, proxy statement and form of proxy, or the information statement, as the case may be, that may be provided to Stockholders in connection with the Merger, and in any schedules required to be filed with the SEC in connection therewith, the recommendation of the Company's board of directors that Stockholders vote in favor of the adoption of the Merger Agreement. If Purchaser acquires more than 67% of the voting power of Shares, Purchaser will have sufficient voting power to approve the Merger, even if no other Stockholder votes in favor of the Merger.

Merger without a Meeting of Stockholders. The Merger Agreement further provides that, notwithstanding the foregoing, if Purchaser acquires at least 90% of the outstanding Shares of each class of capital stock of the Company entitled to vote on the Merger, Parent and the Company will take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after the consummation of the Offer without a meeting of the Stockholders, in accordance with Section 253 of Delaware Law.

Conversion of Shares. Pursuant to the Merger Agreement, each outstanding Share (other than (i) Shares owned by the Company or any wholly owned Subsidiary of the Company and by Parent, Purchaser or any direct or indirect Subsidiary of Parent, all of which will be canceled without any exchange of consideration, and (ii) Shares owned by Stockholders who did not approve the merger and have demanded appraisal rights in accordance with Section 262 of Delaware Law) will, by virtue of the Merger and without any action on the part of Parent, Purchaser, the Company or the holders thereof,

be converted into the right to receive an amount in cash without interest (subject to withholding taxes) equal to the Merger Consideration, upon surrender of the certificate representing such Share.

Company Stock Options. Each option to acquire Shares granted under any Company Option Plan (each, a "Company Stock Option" and collectively, the "Company Stock Options") that is outstanding immediately prior to the consummation of the Merger (the "Merger Date") will be canceled and will solely represent the right to receive an amount in cash, without interest, equal to (a) the option consideration, which is the excess, if any, of the Merger Consideration over the per share exercise price of the applicable Company Stock Option, multiplied by (b) the aggregate number of Shares with respect to which the applicable Company Stock Option was exercisable immediately prior to the Merger Date. The payment will be reduced by any income or employment tax withholding required under the Code or any provision of state, local or foreign tax law. However, such withheld amounts will be treated for purposes of the Merger Agreement as having been paid to the holder of such Company Stock Option.

Representations and Warranties. The Merger Agreement contains various customary representations and warranties of the parties thereto, including representations by the Company as to the absence of certain changes or events concerning the Company's business, financial statements, SEC filings, compliance with law, litigation, employee benefit plans, property, intellectual property, environmental matters, regulatory matters, taxes, material contracts, insurance and brokers.

Covenants. The Merger Agreement provides that, except as otherwise expressly permitted under the Merger Agreement, during the period from the date of the Merger Agreement through the consummation of the Merger, the Company and each of its Subsidiaries will conduct their businesses in all material respects in the ordinary course consistent with past practice, and the Company and each of its Subsidiaries will use their commercially reasonable efforts to preserve intact their respective business organizations and relationships with third parties in all material respects and to keep available the services of their respective officers and Key Employees. Except as otherwise agreed by Parent and the Company prior to the date of the Merger, the Company must not, and must cause each of its Subsidiaries not to, take certain actions, such as:

- proposing or adopting amendments to its certificate of incorporation or bylaws;
- acquiring or agreeing to acquire or lease any assets, other than assets used in the ordinary course of business consistent with past practice, by merging or consolidating with or purchasing a substantial portion of the assets of any business, corporation, partnership, joint venture, association or other business organization or division thereof;
- selling, leasing, mortgaging, encumbering, subjecting to any lien or disposing any of its material properties or assets or stock or other ownership interests (other than (i) in the ordinary course of business substantially consistent with past practice, (ii) pursuant to existing agreements, (iii) liens for taxes not yet due or being contested and (iv) liens or other restrictions that could not reasonably be expected to have a Company Material Adverse Effect);
- declaring, setting aside or paying any dividend or making any distribution on shares of its capital stock, other than dividends or distributions payable by any wholly owned Subsidiary of the Company;
- issuing, delivering or selling any capital stock of the Company or any Subsidiary or proposing the issuance, delivery or sale of any capital stock of the Company or any Subsidiary (other than upon the exercise of Company Stock Options that have been granted prior to the date of the Merger Agreement and up to 10,000 Company Stock Options granted to newly hired employees), splitting, combining or reclassifying any capital stock of the Company or any Subsidiary or issuing or authorizing the issuance of any other securities in respect of, or in

substitution for, any of their securities, or, except as otherwise agreed, redeeming or repurchasing their securities;

- entering into, amending, modifying, terminating or making a commitment in respect of any material contracts, entering into any agreement or arrangement that limits or restricts the Company or any of its Subsidiaries from competing in or conducting any business or engaging in business any significant geographical area, or entering into any contract or agreement that is not terminable by the Company or such Subsidiary within one year from the execution thereof;

- incurring or guaranteeing any indebtedness, issuing or selling any debt securities or warrants or rights to acquire any debt securities of the Company or any of its Subsidiaries, entering into any "keep well" or other agreement to maintain any financial statement of another person or entering into any arrangement having the economic effect of any of the foregoing (except for borrowings under the Company's existing lines of credit for working capital purposes or endorsing checks in the normal course of business), or making any loans, advances, or capital contributions to, or investments in, any other person, other than to the Company or any Subsidiary of the Company and other than in the ordinary course of business consistent with past practice;

- increasing the compensation payable to any of its officers, directors or Key Employees, granting any severance or termination pay to officers, directors or Key Employees, entering into, modifying or amending any employment, severance or consulting agreement with any stockholder or current or former director officer or other employee or otherwise establishing, modifying or amending any benefit plans or arrangements for the benefit of any current or former director, officer, employees or stockholder of the Company or any Subsidiary;

- changing any of its accounting or tax accounting policies or procedures (unless required by law, generally accepted accounting principles in the United States or the SEC);

- making any contract or commitment involving payments in excess of the amount of the Company's 2004 capital expenditures plan previously provided to Parent;

- entering into any derivatives transactions;

- changing its material existing insurance policies (or substantial equivalents thereof);

- waiving, releasing, authorizing, settling or compromising any material litigation not covered by insurance except any settlements or compromises that do not involve the payment of more than $1 million in the aggregate;

- adopting a plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or reorganization;

- entering into an "related party agreement" as defined in Item 404 of Regulation S-K promulgated under the Exchange Act;

- effectuating a "plant closing" or "mass layoff" as defined in the Worker Adjustment and Retraining Notification Act of 1986, as amended;

- taking any action that would cause any of its representations and warranties set forth in the Merger Agreement no longer to be true and correct such that Parent would have the right to terminate the Merger Agreement; or

- otherwise to take any of the foregoing actions.

No Solicitation. In the Merger Agreement, the Company has agreed not to, and not to permit its Subsidiaries or Representatives (as defined below) to, directly or indirectly: (i) solicit, initiate or knowingly encourage any inquiries, offers or proposals that constitute, or are reasonably likely to lead to, any Acquisition Proposal (as hereinafter defined); (ii) engage in discussions or negotiations with, furnish or disclose any information or data relating to the Company or any of its Subsidiaries to, or give access to the assets or the books and records of the Company or its Subsidiaries to, any person that has made or, to the knowledge of the Company, may be considering making any Acquisition Proposal; (iii) approve, endorse or recommend any Acquisition Proposal; or (iv) enter into any agreement in principle, arrangement, understanding or contract for any Acquisition Proposal. In addition, the Company has agreed to, and to cause its Subsidiaries and directors, officers, employees and representatives (including consultants, accountants, legal counsel, investment bankers, agents and affiliates) of the Company and its Subsidiaries (collectively, "Representatives") to, immediately cease any existing solicitations, discussions, negotiations or other activity with any person being conducted with respect to any Acquisition Proposal on the date of the Merger Agreement.

An "Acquisition Proposal" is defined as any contract, proposal, offer or indication of interest (other than by Parent or one of its affiliates) (whether or not in writing and whether or not delivered to the Stockholders of the Company generally) relating to (i) the acquisition in any manner, directly or indirectly, of a substantial portion of the business or assets of the Company or any of its Subsidiaries (including the capital stock of (or other ownership interest in) any Subsidiary of the Company), (ii) a direct or indirect purchase of Shares and any other capital stock of (or ownership interest in) the Company in a single transaction or series of related transactions representing 15% or more of the voting power of the capital stock of (or other ownership interest in) the Company or any new class or series of stock that would be entitled to a class or series vote with respect to the Merger, including by way of a tender offer, exchange offer or issuance of any equity securities of the Company in connection with any acquisition by the Company or any of its Subsidiaries or (iii) a merger, business combination, reorganization, recapitalization, liquidation or dissolution of the Company, in each case other than the transactions contemplated by the Merger Agreement.

However, the Company and its board of directors are not prohibited from engaging in discussions or negotiations with, or furnishing or disclosing any information relating to, the Company or any of its Subsidiaries or giving access to the assets or the books and records of the Company or any of its Subsidiaries to, any Person who, after the date of the Merger Agreement, makes a bona fide written Acquisition Proposal not solicited after the date of the Merger Agreement in violation of the provisions of the Merger Agreement if (i) the Company's board of directors, acting in good faith and by a majority of its members, has (x) determined, after consultation with its financial advisor, that such Acquisition Proposal is reasonably likely to result in a Superior Proposal and (y) determined, after consultation with its outside legal counsel, that the failure to take such action is reasonably likely to result in a breach of its fiduciary obligations to the Stockholders of the Company under applicable laws (in each case, taking into account any adjustments to the terms and conditions of the Merger Agreement, the Offer or the Merger offered in writing by Parent in response to such Acquisition Proposal), and (ii) the Company enters into a confidentiality agreement with such Person (provided that, to the extent such confidentiality agreement is on terms and conditions materially more favorable to such Person than those contained in the Confidentiality Agreement, the Confidentiality Agreement will be deemed amended to contain such materially more favorable terms).

A "Superior Proposal" is defined as a bona fide Acquisition Proposal made by a third party for at least a majority of the voting power of the Company's then outstanding securities or all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, if the Company's board of directors determines in good faith by a vote of a majority of the Company's entire board of directors (based on, among other things, the advice of its independent financial advisors and outside counsel), taking into account all legal, financial, regulatory and other aspects of the proposal and the person

making such proposal, that such proposal (i) would, if consummated in accordance with its terms, be more favorable, from a financial point of view, to the holders of the Shares than those contemplated by the Merger Agreement (taking into account any adjustments to the terms and conditions of the Merger Agreement, the Offer or the Merger offered in writing by Parent), (ii) the conditions to the consummation of which are all reasonably capable of being satisfied in a timely manner, and (iii) is not subject to any financing contingency or, to the extent financing for such proposal is required, that such financing is then committed.

The Merger Agreement requires that the Company must notify Parent as soon as practicable of any Acquisition Proposal or indication from any Person that it intends to make, or is considering making, an Acquisition Proposal and any request for non-public information relating to the Company or any of its Subsidiaries or for access to the assets or the books and records of the Company or its Subsidiaries by any person that the Company reasonably believes is reasonably likely to lead to an Acquisition Proposal. The Company is required to provide Parent with a description of the material terms of such Acquisition Proposal or request. The Company must keep Parent informed on a reasonably current basis of the status and the material terms of any such Acquisition Proposal, indication or request. The Company is required to provide to Parent any non-public information regarding the Company provided to any other person which was not previously provided to Parent.

Nothing contained in the Merger Agreement prohibits the Company or the Company's board of directors from disclosing to its Stockholders a position with respect to an Acquisition Proposal by a third party pursuant to Rule 14d-9 or Item 1012(a) of Regulation M-A promulgated under the Exchange Act.

Directors' and Officers' Indemnification and Insurance. In the Merger Agreement, Parent has agreed, and has agreed to cause the Surviving Corporation, from and after the consummation of the Merger, to indemnify, defend and hold harmless to the fullest extent permitted by law, the present and former officers and directors of the Company and its Subsidiaries against all losses, claims, damages, fines, penalties and liability in respect of acts or omissions occurring at or prior to the Effective Time (including acts or omissions occurring at or prior to the Effective Time). In addition, in the Merger Agreement, Purchaser and Parent have agreed that all rights to indemnification existing in favor of the present or former directors and officers of the Company or any of its Subsidiaries as provided under Delaware Law, in the Certificate of Incorporation and Bylaws of the Company and its Subsidiaries as in effect at the date of the Merger Agreement with respect to matters occurring prior to the Merger will survive the Merger and continue in full force and effect. If a present or former officer or director becomes involved in any actual or threatened action that is subject to indemnification by the Surviving Corporation, Parent has agreed, and has agreed to cause the Surviving Corporation, to promptly advance to such person his or her legal or other expenses, subject to such person's providing an undertaking to reimburse all amounts to advanced in the event a court determines such person is not entitled to indemnification. Additionally, Parent has agreed to cause Purchaser to maintain in effect for a period of six years after the consummation of the Merger, in respect of acts or omissions occurring prior to such time, policies of directors' and officers' liability insurance and fiduciary liability insurance and fiduciary insurance. Such policies must provide coverage no less favorable than that provided for the individuals who are covered by the Company's existing policies. However, the Surviving Corporation will not be required in order to maintain such policies to pay an annual premium in excess of 300% of the aggregate annual amounts currently paid by the Company to maintain its existing policies (if the annual premium for such insurance exceeds such 300% in any year, the Surviving Corporation will be obligated to obtain a policy with the greatest coverage available for a cost not exceeding such amount). In the event Parent, directly or indirectly, sells all or substantially all of the assets or capital stock of the Surviving Corporation, prior to such sale, Parent must either assume the obligation to maintain officers' and directors' liability insurance as described in this paragraph or cause a Subsidiary of Parent

having a net worth substantially equivalent to, or in excess of the net worth of, the Surviving Corporation immediately prior to such sale to assume such obligation.

Pursuant to the Merger Agreement, the indemnification and directors' and officers' insurance covenants described above will survive the consummation of the Merger and are intended to benefit, and will be enforceable by, any person or entity entitled to be indemnified under this provision of the Merger Agreement (whether or not parties to the Merger Agreement).

Employee Benefit Arrangements. The Merger Agreement provides that Parent will (i) until December 31, 2004, maintain certain of the Company's employee benefit plans (other than any equity-based or annual incentive compensation plans), (ii) with respect to the employee benefit plans provided to the Company's employees after December 31, 2004, provide that prior service with the Company be recognized for purposes of eligibility and that all pre-existing condition limitations and eligibility periods be waived, (iii) cause the Surviving Corporation to continue to honor in accordance with their terms, the employment, severance, indemnification or similar agreements between the Company and certain employees disclosed to Parent and (iv) cause the Surviving Corporation to continue to honor in accordance with their terms the annual incentive bonus plans of the Company for the fiscal year ending June 26, 2004; provided that, the Merger Agreement will not preclude Parent or any of its affiliates from having the right to terminate the employment of any employee, with or without cause, or to amend or to terminate in accordance with its terms and applicable laws any employee benefit plan of Parent established, maintained or contributed to by Parent or any of its affiliates after the consummation of the Merger.

Conditions to the Merger. Pursuant to the Merger Agreement, the parties' obligations to consummate the Merger are subject to the satisfaction or waiver, where permissible, of the following conditions:

- if approval of the Merger by the holders of Shares is required by applicable law, the Merger Agreement having been adopted by the requisite vote of the Stockholders of the Company in accordance with Delaware Law; provided that, Purchaser and Parent have agreed to vote all of their Shares in favor of the Merger Agreement and the Merger;

- no provision of any applicable law or orders of any governmental entity of competent jurisdiction which has the effect of making the Merger illegal or otherwise restrains or prohibits the consummation of the Merger is in effect;

- any waiting period (and any extension thereof) applicable to the consummation of the Merger under the HSR Act having been satisfied; and

- Purchaser accepting for purchase and paying for the Shares tendered pursuant to the Offer.

Termination. The Merger Agreement provides that it may be terminated and the Merger, the Offer and the related transactions may be abandoned at any time prior to the Effective Time by action taken by the board of directors of the terminating party or parties (notwithstanding any approval of the Merger Agreement by the Stockholders of the Company or Parent):

(a) by mutual written consent of the Company and Parent;

(b) by either the Company or Parent if the Offer has not been consummated on or before September 22, 2004 (unless the party claiming the right to terminate the Merger Agreement is the party whose failure to fulfill its obligations has resulted in the failure to consummate the Offer by such date);

(c) by either the Company or Parent, if there is any applicable law that makes consummation of the Offer or the Merger illegal or otherwise prohibited or if any final and nonappealable

Order of a court or governmental agency or authority of competent jurisdiction restrains or prohibits the consummation of the Offer or the Merger;

(d) prior to the consummation of the Offer by (i) Parent if there has been a breach of the representations and warranties or covenants or agreements of the Company contained in the Merger Agreement such that the conditions to the Offer described in "Section 14—Certain Conditions of the Offer" would not be satisfied or (ii) by the Company if Parent has not performed in all material respects each obligation, agreement and covenant to be performed with by it under the Merger Agreement, and in each of clauses (i) and (ii) such breach or failure to perform is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by the terminating party to the other party;

(e) by Parent prior to the consummation of the Offer, if, (i) the Company's board of directors has failed to recommend, or has withdrawn or modified in a manner adverse to Parent, its approval or recommendation of the Merger Agreement, the Offer or the Merger, or has recommended, or entered into, or publicly announced its intention to enter into, an agreement or an agreement in principle with respect to a Superior Proposal (or has resolved to do any of the foregoing), (ii) the Company has breached in any material respect any of its obligations with respect to the "No Solicitation" obligations described above, (iii) the Company's board of directors has refused to affirm its approval or recommendation of the Merger Agreement, the Offer or the Merger within three business days of any written request from Parent, (iv) a competing tender or exchange offer constituting an Acquisition Proposal has been commenced and the Company has not sent holders of the Shares pursuant to Rule 14e-2 promulgated under the Exchange Act (within ten business days after such tender or exchange offer is first published, sent or given (within the meaning of Rule 14e-2 promulgated under the Exchange Act)), a statement disclosing that the Company's board of directors recommends rejection of such Acquisition Proposal, (v) the Company's board of directors exempts any person (other than Parent and Purchaser) from the provisions of Section 203 of Delaware Law, (vi) the Company's board of directors exempts any other person (other than Parent and Purchaser) under the Rights Agreement or (vii) the Company or the Company's board of directors publicly announces its intention to do any of the foregoing;

(f) by the Company prior to the consummation of the Offer, if the Company's board of directors approves, subject to complying with the terms of the Merger Agreement, a Superior Proposal; provided, however, that the Company may not terminate pursuant to this provision unless (i) the Company's board of directors authorizes the Company, subject to complying with the terms of the Merger Agreement, to enter into a binding written agreement for the Superior Proposal (ii) the Company notifies Parent in writing that it intends to enter into such an agreement, attaching the most current version of such agreement to such notice (including any subsequent amendments or modifications), (iii) Parent does not offer in writing, prior to 5:00 p.m. on the third business day after the Company's written notification of its intention to enter into a binding agreement for a Superior Proposal, adjustments to the terms and conditions of the Merger Agreement, the Offer or the Merger that the Company's board of directors determines, in good faith, after consultation with its financial advisors, are at least as favorable, from a financial point of view, to the stockholders of the Company as the Superior Proposal (in which case, such Superior Proposal will no longer be deemed a Superior Proposal for purposes of the Merger Agreement) and (iv) the Company simultaneously with entering into such agreement for such Superior Proposal, pays to Parent the fee in connection with such termination as described below in "Section 10—Background of the Merger; Contacts with the Company; the Merger Agreement—the Merger Agreement —Effect of Termination," and Parent receives a written acknowledgement of such payment from each party to the

Superior Proposal that it is aware of such payment, and that each such party waives any right it may have to contest such payment;

(g) by Parent or the Company if,as the result of the failure of any of the conditions to the Offer (as described in "Section 14—Certain Conditions of the Offer"), the Offer has terminated or expired in accordance with its terms (including after giving effect to any extensions, if any) without Purchaser having purchased any Shares pursuant to the Offer (unless the party claiming the right to terminate the Merger Agreement is the party whose failure to fulfill any of its obligations has resulted in such failure); or

(h) by Parent, if, prior to the consummation of the Offer, any Person or "group" (as defined in Section 13(d)(3) of the Exchange Act), other than Parent or any of its affiliates has acquired beneficial ownership of more than 15% of the Shares.

Effect of Termination. In the event of the termination of the Merger Agreement, the Merger Agreement, but not the Confidentiality Agreement, will become void and of no effect. If the Merger Agreement is terminated as a result of the willful (i) failure of a party to fulfill a condition, (ii) failure of a party to perform a covenant or agreement or (iii) breach by a party of any representation or warranty or agreement, such party will be fully liable for any liabilities and damages incurred by the other parties as a result of such willful failure or breach.

Fees and Expenses. Except as otherwise described below, whether or not the Merger is consummated, all costs and expenses incurred in connection with the Merger Agreement will be paid by the party incurring such costs and expenses. The Company will pay, or cause to be paid, to Parent by wire transfer of immediately available funds to an account designated by Parent, the sum of (x) Parent's expenses (up to a maximum amount not to exceed $3 million) and (y) $23 million, if the Merger Agreement is terminated:

(a) by Parent prior to the first purchase of Shares under the Offer because (i) the Company's board of directors failed to recommend, or withdrew or modified in a manner adverse to Parent its approval or recommendation of this Agreement, the Offer or the Merger, or recommended, or entered into, or publicly announced its intention to enter into, an agreement or an agreement in principle with respect to a Superior Proposal (or resolved to do any of the foregoing), (ii) the Company breached in any material respect any of its nonsolicitation obligations under Section 6.03 of the Merger Agreement, (iii) the Company's board of directors refused to affirm its approval or recommendation of this Agreement, the Offer or the Merger within three business days of a written request from Parent, (iv) a competing tender or exchange offer constituting an Acquisition Proposal was commenced and the Company did not recommend to the Stockholders within ten business days after the Offer is first published that they reject the Acquisition Proposal, (v) the Company's board of directors exempted any other Person from the provisions of Section 203 of the DGCL, (vi) the Company's board of directors exempted any other Person under the Rights Agreement or (vii) the Company or its board of directors publicly announced its intention to do any of the foregoing;

(b) by the Company prior to the first purchase of Shares under the Offer, if the Company's board of directors approved a Superior Proposal in accordance with Section 6.03 of the Merger Agreement;

(c) by the Company or Parent if (i) the Offer was not consummated prior to September 22, 2004, (ii) at the time of such termination an Acquisition Proposal had been previously announced or made known to the Company (or a bona fide offer for an Acquisition Proposal had been previously commenced) and not definitively withdrawn, (iii) prior to the nine month anniversary of such termination, the Company or any of its Subsidiaries entered into any

agreement in principle, arrangement, understanding or contract providing for the implementation of, or exempted any Person from the provisions of Section 203 of the DGCL or any rights agreement of the Company with respect to, any Acquisition Proposal (other than a capital raising transaction by the Company), and (iv) either simultaneously therewith or subsequently, the Company consummated such Acquisition Proposal.

CONFIDENTIALITY AGREEMENT

THE FOLLOWING IS A SUMMARY OF THE CONFIDENTIALITY AGREEMENT, DATED AS OF FEBRUARY 12, 2004 (THE "CONFIDENTIALITY AGREEMENT"), BETWEEN THE COMPANY AND PARENT. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE CONFIDENTIALITY AGREEMENT, WHICH IS INCORPORATED HEREIN BY REFERENCE, AND A COPY OF WHICH HAS BEEN FILED WITH THE SEC AS AN EXHIBIT TO THE SCHEDULE TO. THE CONFIDENTIALITY AGREEMENT MAY BE EXAMINED AND COPIES MAY BE OBTAINED AT THE PLACES SET FORTH IN "SECTION 7—CERTAIN INFORMATION CONCERNING THE COMPANY."

Pursuant to the Confidentiality Agreement, Parent has agreed that the Confidential Information (as defined therein) will be used solely in connection with the possibility of a business relationship with the Company, and that such information will be kept confidential; provided, however, that Parent may disclose such information to representatives who need to have access to such information in connection with the possible business combination.

Parent has also agreed that, from the date of the Confidentiality Agreement until the earlier of (i) August 12, 2005, (ii) the public disclosure by the Company that it has entered into an agreement which results in another person or group becoming the beneficial owner of 50% or more of the Company's then outstanding common stock or (iii) the Company's disclosure pursuant to Rule 14e-2 of the Exchange Act that it (A) is recommending acceptance of, (B) is expressing no opinion and is remaining neutral toward or (C) is unable to take a position with respect to any tender offer or exchange offer which would result in any person or group (other than Parent or its affiliates) becoming the beneficial owner of 50% or more of the Company's then outstanding common shares, Parent will not, without the prior written request of the Company or its board of directors: (a) effect or participate in (i) any acquisition of any securities (or beneficial ownership thereof) or assets of the Company or any of its subsidiaries; (ii) any tender or exchange offer, merger or other business combination involving the Company or any subsidiary of the Company, (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Company or any of its subsidiaries, or (iv) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the SEC) with respect to the voting of any securities of the Company or its subsidiaries; (b) participate in a "group" (as defined in the Exchange Act) with respect to the Company or any of its subsidiaries; (c) otherwise act, alone or in concert with others, to seek to control or influence the management, board of directors or policies of the Company or any of its subsidiaries; (d) take any action which might force the Company or any of its subsidiaries to make a public announcement regarding any of the types of matters set forth in clause (a) above; or (e) enter into any discussions or arrangements with any third party with respect to any of the foregoing.

SECTION 11. PURPOSE OF THE OFFER; PLANS FOR THE COMPANY AFTER THE OFFER AND THE MERGER

Purpose of the Offer. The Offer is being made pursuant to the Merger Agreement. The purpose of the Offer and the Merger is for Parent to acquire control of, and the entire equity interest in, the Company. The Offer, as the first step in the acquisition of the Company, is intended to facilitate the acquisition of all of the Shares. The purpose of the Merger is for Parent to acquire all Shares not purchased pursuant to the Offer. Pursuant to the Merger, each then outstanding Share (other than

Shares owned by Purchaser, Parent or any Subsidiary of Parent or the Company or any wholly owned subsidiary of the Company and other than Shares with respect to which appraisal rights are perfected) will be converted into the right to receive an amount in cash equal to the price per Share paid in the Offer. Upon consummation of the Merger, the Company will become an indirect, wholly owned subsidiary of Parent.

Approval of the Merger Agreement. Under Delaware Law and the Company's Certificate of Incorporation, the approval of the Company's board of directors and the affirmative vote of the holders of two-thirds of the outstanding Shares is required to adopt the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger. The Company's board of directors has unanimously determined that each of the Offer and the Merger is advisable and fair to, and in the best interests of, the Company and the holders of Shares, has approved and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger (such approval and adoption having been made in accordance with Delaware Law, including, without limitation, Section 203 thereof), and has recommended that holders of Shares accept the Offer and tender their Shares pursuant to the Offer. Unless the Merger is consummated pursuant to the short-form merger provisions under Delaware Law described below, the only remaining required corporate action of the Company is the adoption of the Merger Agreement by the affirmative vote of the holders of two-thirds of the Shares. Accordingly, if the Minimum Condition is satisfied, Purchaser will have sufficient voting power to cause the adoption of the Merger Agreement without the affirmative vote of any other Stockholder.

In the Merger Agreement, the Company, acting through the Company's board of directors as then constituted, has agreed duly to call, give notice of, convene and hold an annual or special meeting of its Stockholders as promptly as practicable following consummation of the Offer for the purpose of considering and taking action on the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, if such action is required by Delaware Law in order to consummate the Merger.

Election of Directors. The Merger Agreement provides that, promptly upon the purchase by Purchaser of Shares pursuant to the Offer, Parent will be entitled to designate representatives to serve on the Company's board of directors in proportion to Purchaser's ownership of Shares following such purchase. See "Section 10—Background of the Offer; Contacts with the Company; the Merger Agreement—Appointment after Acceptance for Payment of Shares Tendered in the Offer." Purchaser expects that such representation would permit Purchaser to exert substantial influence over the Company's conduct of its business and operations.

Short-Form Merger. Under Delaware Law, if Purchaser acquires, pursuant to the Offer or otherwise, at least 90% of the then outstanding Shares, Purchaser will be able to approve the Merger without a vote of the holders of Shares. In such event, Parent, Purchaser and the Company have agreed in the Merger Agreement to take, at the request of Purchaser, all necessary and appropriate action to cause the Merger to become effective as promptly practicable after such acquisition, without a meeting of the holders of Shares. If, however, Purchaser does not acquire at least 90% of the outstanding Shares pursuant to the Offer and a vote of the holders of Shares is required under Delaware Law, a significantly longer period of time would be required to effect the Merger.

Appraisal Rights. No appraisal rights are available in connection with the Offer. However, if the Merger is consummated, Stockholders who have not tendered their Shares will have certain rights under Delaware Law to dissent in any Stockholder vote on the Merger and demand appraisal of, and to receive payment in cash of the fair value of, their Shares. Stockholders who perfect such rights by complying with the procedures set forth in Section 262 of Delaware Law ("Section 262") will have the "fair value" of their Shares (exclusive of any element of value arising from the accomplishment or expectation of the Merger) determined by the Delaware Court of Chancery and will be entitled to

receive a cash payment equal to such fair value for the Surviving Corporation. In addition, such dissenting Stockholders would be entitled to receive payment of a fair rate of interest from the date of consummation of the Merger on the amount determined to be the fair value of their Shares. In determining the fair value of the Shares, the court is required to take into account all relevant factors. Accordingly, such determination could be based upon considerations other than, or in addition to, the market value of the Shares, including, among other things, asset values and earning capacity. In Weinberger v. UOP, Inc., the Delaware Supreme Court stated, among other things, that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered in an appraisal proceeding. The Weinberger court also noted that under Section 262, fair value is to be determined "exclusive of any element of value arising from the accomplishment or expectation of the merger." In Cede & Co. v. Technicolor, Inc., however, the Delaware Supreme Court stated that, in the context of a two-step cash merger, "to the extent that value has been added following a change in majority control before cash-out, it is still value attributable to the going concern" to be included in the appraisal process. As a consequence, the value so determined in any appraisal proceeding could be the same, more or less than the Offer Price.

Parent does not intend to object, assuming the proper procedures are followed, to the exercise of appraisal rights by any Stockholder and the demand for appraisal of, and payment in cash for the fair value of, the Shares. Parent intends, however, to cause the Surviving Corporation to argue in an appraisal proceeding that, for purposes of such proceeding, the fair value of each Share is less than or equal to the Merger Consideration. In this regard, Stockholders should be aware that opinions of investment banking firms as to the fairness from a financial point of view (including Morgan Stanley) are not necessarily opinions as to "fair value" under Section 262.

The foregoing summary of the rights of dissenting Stockholders under Delaware Law does not purport to be a complete statement of the procedures to be followed by Stockholders desiring to exercise any dissenters' rights under Delaware Law. The preservation and exercise of dissenters' rights require strict adherence to the applicable provisions of Delaware Law.

APPRAISAL RIGHTS CANNOT BE EXERCISED AT THIS TIME. THE INFORMATION SET FORTH ABOVE IS FOR INFORMATIONAL PURPOSES ONLY WITH RESPECT TO ALTERNATIVES AVAILABLE TO STOCKHOLDERS IF THE MERGER IS CONSUMMATED. STOCKHOLDERS WHO WILL BE ENTITLED TO APPRAISAL RIGHTS IN CONNECTION WITH THE MERGER WILL RECEIVE ADDITIONAL INFORMATION CONCERNING APPRAISAL RIGHTS AND THE PROCEDURES TO BE FOLLOWED IN CONNECTION THEREWITH BEFORE SUCH STOCKHOLDERS HAVE TO TAKE ANY ACTION RELATING THERETO.

STOCKHOLDERS WHO SELL SHARES IN THE OFFER WILL NOT BE ENTITLED TO EXERCISE APPRAISAL RIGHTS WITH RESPECT THERETO BUT, RATHER, WILL RECEIVE THE PURCHASE PRICE PAID IN THE OFFER THEREFOR.

Going Private Transactions. The SEC has adopted Rule 13e-3 under the Exchange Act which is applicable to certain "going private" transactions and which may under certain circumstances be applicable to the Merger or another business combination following the purchase of Shares pursuant to the Offer in which Purchaser seeks to acquire the remaining Shares not held by it. Purchaser believes that Rule 13e-3 will not be applicable to the Merger. Rule 13e-3 requires, among other things, that certain financial information concerning the Company and certain information relating to the fairness of the proposed transaction and the consideration offered to minority Stockholders in such transaction be filed with the SEC and disclosed to Stockholders prior to consummation of the transaction.

Purchase of Shares After the Expiration Date. Parent, Purchaser or an affiliate of Parent may, following the consummation or termination of the Offer, seek to acquire additional Shares through

open market purchases, privately negotiated transactions, a tender offer or exchange offer or otherwise, upon such terms and at such prices as they shall determine, which may be more or less than the price paid in the Offer.

Plans for the Company. It is expected that, initially following the Merger, the business and operations of the Company will, except as set forth in this Offer to Purchase, be continued by the Company substantially as they are currently being conducted. Parent will continue to evaluate the business and operations of the Company during the pendency of the Offer and after the consummation of the Offer and the Merger, and will take such actions as it deems appropriate under the circumstances then existing. Parent intends to seek additional information about the Company during this period. Thereafter, Parent intends to review such information as part of a comprehensive review of the Company's business, operations, capitalization and management with a view to maximizing the Company's potential in conjunction with Parent's businesses.

As previously announced in a press release issued by Parent on May 17, 2004 (incorporated by reference to Exhibit 99.1 to the Schedule TO-C filed by Purchaser and Parent with the SEC on May 17, 2004), Parent plans to eliminate redundancies between Parent and the Company, leverage the shared services environment of Parent and the Company, and enhance productivity of Parent and the Company by implementing lean principles and sharing best practices. In addition, Parent plans to introduce products across channels, thereby enhancing its product and service offerings to small businesses.

Except as indicated in this Offer to Purchase, Parent does not have any current plans or proposals which relate to or would result in (i) any extraordinary corporate transaction, such as a merger, reorganization or liquidation, relocation of any operations of the Company or any of its subsidiaries other than as currently contemplated by the Company, (ii) other than any asset sales permitted under the Merger Agreement, any purchase, sale or transfer of a material amount of assets, involving the Company or any of its subsidiaries, (iii) any material change in the Company's present indebtedness, capitalization or dividend policy, (iv) any other material change in the Company's corporate structure or business, (v) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company, or (vi) any changes in the Company's charter, bylaws or other governing instruments or other actions that could impede the acquisition of control of the Company.

SECTION 12. DIVIDENDS AND DISTRIBUTIONS

The Merger Agreement provides that the Company shall not, between the date of the Merger Agreement and the Effective Time, without the prior written consent of Parent, (a) issue, deliver or sell or authorize the issuance, delivery or sale of (i) any shares of any class of capital stock of the Company or any Subsidiary, or any security, convertible or exercisable for either of the foregoing (other than upon the exercise of Company Stock Options that have been granted prior to the date of the Merger Agreement and up to 10,000 Company Stock Options that may be granted to newly hired employees) or (ii) any material assets of the Company or any Subsidiary, except for transactions in the ordinary course of business consistent with past practices and certain other limited exceptions; (b) declare, set aside, make or pay any dividend or other distribution, with respect to any of its capital stock, except for dividends by any wholly owned Subsidiary to the Company or any other direct or indirect, wholly owned Subsidiary and except for the dividend paid by the Company on May 21, 2004 to stockholders of record on May 7, 2004; or (c) reclassify, combine, split or redeem, or purchase or otherwise acquire, directly or indirectly, any of its capital stock. See "Section 10—Background of the Offer; Contacts with the Company; the Merger Agreement—the Merger Agreement—Covenants."

SECTION 13. POSSIBLE EFFECTS OF THE OFFER ON THE MARKET FOR SHARES, NYSE LISTING, MARGIN REGULATIONS AND EXCHANGE ACT REGISTRATION

Possible Effects of the Offer on the Market for the Shares. The purchase of Shares by Purchaser pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and will reduce the number of holders of Shares, which could adversely affect the liquidity and market value of the remaining Shares held by the public.

The Shares are currently listed and traded on the NYSE, which constitutes the principal trading market for the Shares. Parent intends to cause the delisting of the Shares by the NYSE following consummation of the Merger and may seek to cause such delisting following consummation of the Offer.

NYSE Listing. Depending upon the number of Shares purchased pursuant to the Offer, the Shares may no longer meet the standards for continued listing on the NYSE after the consummation of the Offer. According to the NYSE's published guidelines, the Shares would not be eligible to be included for listing if, among other things, (i) the total number of holders of Shares fell below 400, (ii) the total number of holders of Shares fell below 1,200 and the average monthly trading volume over the most recent twelve months is less than 100,000 Shares, (iii) the number of publicly held Shares (exclusive of holdings of officers, directors and their families and other concentrated holdings of 10% or more) fell below 600,000, (iv) the Company's total global market capitalization were less than $50 million and total shareholders' equity were less than $50 million, (v) the Company's average global market capitalization over a consecutive 30-trading-day period were less than $15 million or (vi) the average closing price per Share were less than $1.00 over a consecutive 30-trading-day period. If, as a result of the purchase of Shares pursuant to the Offer or otherwise, the Shares no longer meet the requirements of the NYSE (or any other national exchange on which the Shares are listed) for continued listing and the listing of the Shares is discontinued, the market for the Shares could be adversely affected. If the NYSE were to delist the Shares, it is possible that the Shares would continue to trade on another securities exchange or in the over-the-counter market and that price or other quotations would be reported by such exchange or through the Nasdaq Stock Market or other sources. The extent of the public market therefor and the availability of such quotations would depend, however, upon such factors as the number of stockholders and/or the aggregate market value of such securities remaining at such time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration under the Exchange Act as described below and other factors. Purchaser cannot predict whether the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price for or marketability of the Shares or whether it would cause future market prices to be greater or less than the Offer Price.

Exchange Act Registration. The Shares are currently registered under the Exchange Act. Such registration may be terminated upon application by the Company to the SEC if the Shares are not listed on a "national securities exchange" and there are fewer than 300 record holders. The termination of the registration of the Shares under the Exchange Act would substantially reduce the information required to be furnished by the Company to holders of Shares and to the SEC and would make certain provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement of furnishing a proxy statement in connection with stockholders' meetings pursuant to Section 14(a) or 14(c) of the Exchange Act and the related requirements of an annual report, and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions, no longer applicable to the Shares. In addition, "affiliates" of the Company and persons holding "restricted securities" of the Company may be deprived of the ability to dispose of such securities pursuant to Rule 144 promulgated under the Securities Act, as amended. If registration of the Shares under the Exchange Act were terminated, the Shares would no longer be eligible for NYSE reporting. Purchaser currently intends to seek to cause the Company to terminate the registration of the Shares

under the Exchange Act as soon after consummation of the Offer as the requirements for termination of registration are met.

Margin Regulations. The Shares are currently "margin securities," as such term is defined under the rules of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has the effect, among other things, of allowing brokers to extend credit on the collateral of such securities. Depending upon factors similar to those described above regarding listing and market quotations, following the Offer it is possible that the Shares might no longer constitute "margin securities" for purposes of the margin regulations of the Federal Reserve Board, in which event such Shares could no longer be used as collateral for loans made by brokers. In addition, if registration of the Shares under the Exchange Act were terminated, the Shares would no longer constitute "margin securities."

SECTION 14. CERTAIN CONDITIONS OF THE OFFER

The following is a summary of all of the conditions to the Offer, and the Offer is expressly conditioned on the satisfaction of these conditions. The following summary does not purport to be a complete description of the conditions to the Offer contained in the Merger Agreement and is qualified in its entirety by reference to the Merger Agreement, a copy of which is filed as an exhibit to the Tender Offer Statement on Schedule TO that has been filed with the SEC by Purchaser and Parent in connection with the Offer, and is incorporated in this Offer to Purchase by reference. The Merger Agreement may be examined, and copies obtained, by following the procedures described in "Section 8—Certain Information Concerning Purchaser and Parent" of this Offer to Purchase.

Notwithstanding any other provision of the Offer, Purchaser will not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e 1(c) of the Exchange Act (relating to Purchaser's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for any Shares, may postpone the acceptance for payment of Shares tendered pursuant to the Offer, and may terminate the Offer (in each case in accordance with the Agreement), if (w) the Minimum Condition has not been satisfied by the expiration date of the Offer, (x) any applicable waiting period (and any extension thereof) under the HSR Act has not expired or been terminated by the expiration date of the Offer, (y) any permit, consent or approval of any Governmental Entity necessary to the consummation of the Offer or the Merger has not been obtained, or (z) if any of the following conditions occur and continue as of any scheduled expiration date of the Offer:

(a) any Law or Order is enacted, entered, enforced, promulgated or, pursuant to an authoritative interpretation by or on behalf of a governmental entity, deemed applicable to the Offer or the Merger, other than the routine application of waiting period provisions of the HSR Act, that (i) makes illegal or otherwise directly or indirectly restrains or prohibits the making of the Offer, the acceptance for payment of or payment for some or all of the Shares by Parent or Purchaser or the consummation of the Merger, (ii) restrains or prohibits Parent's ownership or operation (or that of its respective subsidiaries or Affiliates) of all or any portion of the business or assets of the Company and its subsidiaries or of Parent and its subsidiaries, (iii) imposes limitations on the ability of Parent, Merger Sub or any of Parent's other subsidiaries or Affiliates effectively to exercise full rights of ownership with respect to the Shares, including the right to vote any Shares acquired or owned by Parent, Purchaser or any of Parent's other subsidiaries or Affiliates on all matters properly presented to the Company's stockholders, (iv) requires divestiture by Parent, Purchaser or any of Parent's other subsidiaries or Affiliates of any Shares or (v) compels Parent or any of its subsidiaries and/or the Company or any of its subsidiaries to dispose of or hold separate any portion of (A) the business, assets or properties of the Company and its subsidiaries, taken as a whole, or (B) the business, assets or properties of Parent and its subsidiaries, taken as a whole; or

(b) any action or proceeding by any Governmental Entity is threatened, instituted or pending that (i) challenges or seeks to make illegal or otherwise restrain or prohibit the making of, or seeks to obtain material damages with respect to, the Offer, the acceptance for payment of or payment for some or all of the Shares by Parent or Purchaser or the consummation of the Merger, (ii) seeks to restrain or prohibit Parent's ownership or operation (or that of its respective subsidiaries or Affiliates) of all or any portion of the business or assets of the Company and its subsidiaries or of Parent and its subsidiaries, (iii) seeks to impose limitations on the ability of Parent, Purchaser or any of Parent's other subsidiaries or Affiliates effectively to exercise full rights of ownership of the Shares, including the right to vote any Shares acquired or owned by Parent, Purchaser or any of Parent's other subsidiaries or Affiliates on all matters properly presented to the Company's stockholders, (iv) seeks to require divestiture by Parent, Purchaser or any of Parent's other subsidiaries or Affiliates of any Shares or (v) seeks to compel Parent or any of its subsidiaries and/or the Company or any of its subsidiaries to dispose of or hold separate any portion of (A) the business, assets or properties of the Company and its subsidiaries or (B) the business, assets or properties of Parent and its subsidiaries; or

(c) a Company Material Adverse Effect; or

(d) an Adverse Market Change; or

(e) the Company's board of directors fails to recommend, or withdraws or modifies in a manner adverse to Parent (including by amendment of the Schedule 14D-9), its approval or recommendation of the Merger Agreement, the Offer or the Merger, or recommends, or enters into, or publicly announces its intention to enter into, an agreement or an agreement in principle with respect to a Superior Proposal (or resolves to do any of the foregoing); or

(f) (i) any of the representations and warranties of the Company contained in the Merger Agreement are not true and correct as of the date of the Merger Agreement and as of such later date, other than such representations and warranties that are made as of a specified date, which representations and warranties are not true and correct as of such date, except where the failure or failures, individually or in the aggregate, of such representations and warranties to be true and correct would not, individually or in the aggregate, have a Company Material Adverse Effect, or (ii) the Company fails to perform or comply with any material agreement or covenant to be performed or complied with by it under the Merger Agreement; or

(g) the Merger Agreement terminates in accordance with its terms.

The foregoing conditions (other than the Minimum Condition) are for the sole benefit of Parent and Purchaser and may, except as provided otherwise in Section 2.01(a) of the Merger Agreement, be waived by Parent and Purchaser in whole or in part at any time and from time to time in their discretion. The failure by Parent or Purchaser at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right, the waiver of any such right with respect to particular facts and circumstances will not be deemed a waiver with respect to any other facts and circumstances, and each such right will be deemed an ongoing right that may be asserted at any time and from time to time prior to the Effective Time.

A public announcement will be made of a material change in, or waiver of, such conditions to the extent required under the Exchange Act, and the Offer will be extended in connection with any such change or waiver to the extent required by such rules.

SECTION 15. CERTAIN LEGAL MATTERS AND REGULATORY APPROVALS

General. Based upon its examination of publicly available information with respect to the Company and the review of certain information furnished by the Company to Parent and discussions between representatives of Parent with representatives of the Company during Parent's investigation of the Company (see "Section 10—Background of the Offer; Contacts with the Company; the Merger Agreement"), neither Purchaser nor Parent is aware of (i) any license or other regulatory permit that appears to be material to the business of the Company or any of its subsidiaries, taken as a whole, which might be adversely affected by the acquisition of Shares by Purchaser pursuant to the Offer or (ii) except as set forth below, of any approval or other action by any domestic (federal or state) or foreign governmental entity which would be required prior to the acquisition of Shares by Purchaser pursuant to the Offer. Should any such approval or other action be required, it is Purchaser's current intention to seek such approval or action. Purchaser does not currently intend, however, to delay the purchase of Shares tendered pursuant to the Offer pending the outcome of any such action or the receipt of any such approval (subject to Purchaser's right to decline to purchase Shares if any of the conditions described in "Section 14—Certain Conditions of the Offer" shall have occurred). However, there can be no assurance that any such approval or other action, if needed, would be obtained without substantial conditions or that adverse consequences might not result to the business of the Company, Purchaser or Parent or that certain parts of the businesses of the Company, Purchaser or Parent might not have to be disposed of or held separate or other substantial conditions complied with in order to obtain such approval or other action or in the event that such approval was not obtained or such other action was not taken. Purchaser's obligation under the Offer to accept for payment and pay for Shares is subject to certain conditions, including conditions relating to the legal matters discussed in this "Section 15—Certain Legal Matters and Regulatory Approvals." See "Section 14—Certain Conditions of the Offer" for certain conditions of the Offer.

Delaware Law. The Company is incorporated under the laws of the State of Delaware. In general, Section 203 of Delaware Law prevents an "interested stockholder" (generally a person who owns or has the right to acquire 15% or more of a corporation's outstanding voting stock, or an affiliate or associate thereof) from engaging in a "business combination" (defined to include mergers and certain other transactions) with a Delaware corporation for a period of three years following the date such person became an interested stockholder unless, among other things, prior to such date the board of directors of the corporation approved either the business combination or the transaction in which the interested stockholder became an interested stockholder. On May 16, 2004, prior to the execution of the Merger Agreement, the Company's board of the directors by unanimous vote of all directors present at a meeting held on such date, approved the Merger Agreement and determined that each of the Offer and the Merger is advisable and fair to, and in the best interests of, the Company and the Stockholders. Accordingly, Section 203 is inapplicable to the Offer and the Merger.

State Takeover Statutes. A number of other states have adopted laws and regulations applicable to attempts to acquire securities of corporations which are incorporated, or have substantial assets, stockholders, principal executive offices or principal places of business, or whose business operations otherwise have substantial economic effects, in such states. In Edgar v. MITE Corp., the Supreme Court of the United States invalidated on constitutional grounds the Illinois Business Takeover Statute, which, as a matter of state securities law, made takeovers of corporations meeting certain requirements more difficult. However, in 1987 in CTS Corp. v. Dynamics Corp. of America, the Supreme Court held that the State of Indiana may, as a matter of corporate law and, in particular, with respect to those aspects of corporate law concerning corporate governance, constitutionally disqualify a potential acquiror from voting on the affairs of a target corporation without the prior approval of the remaining stockholders. The state law before the Supreme Court was by its terms applicable only to corporations that had a substantial number of stockholders in the state and were incorporated there.

The Company, directly or through its subsidiaries, conducts business in a number of states throughout the United States, some of which have enacted takeover laws. Purchaser does not know whether any of these laws will, by their terms, apply to the Offer or the Merger and has not complied with any such laws. Should any person seek to apply any state takeover law, Purchaser will take such action as then appears desirable, which may include challenging the validity or applicability of any such statute in appropriate court proceedings. In the event it is asserted that one or more state takeover laws is applicable to the Offer or the Merger, and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer, Purchaser might be required to file certain information with, or receive approvals from, the relevant state authorities. In addition, if enjoined, Purchaser might be unable to accept for payment any Shares tendered pursuant to the Offer, or be delayed in continuing or consummating the Offer, and the Merger. In such case, Purchaser may not be obligated to accept for payment any Shares tendered. See "Section 14—Certain Conditions of the Offer."

United Stated Antitrust Clearance. Under the HSR Act and the rules that have been promulgated thereunder by the Federal Trade Commission ("FTC"), certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice ("Antitrust Division") and the FTC and certain waiting period requirements have been satisfied. The acquisition of Shares by Purchaser pursuant to the Offer is subject to such requirements. See "Section 2—Acceptance for Payment and Payment for Shares."

On May 18, 2004, Parent filed a Premerger Notification and Report Form under the HSR Act in connection with the purchase of Shares pursuant to the Offer with the Antitrust Division and the FTC. Under the provisions of the HSR Act applicable to the Offer, the purchase of Shares pursuant to the Offer may not be consummated until the expiration of a 15-calendar day waiting period following the filing by Parent. Accordingly, the waiting period under the HSR Act applicable to the purchase of Shares pursuant to the Offer will expire at 11:59 p.m., New York City time, on June 2, 2004, unless such waiting period is earlier terminated by the FTC and the Antitrust Division or extended by a request from the FTC or the Antitrust Division for additional information or documentary material prior to the expiration of the waiting period. If either the FTC or the Antitrust Division were to request additional information or documentary material from Parent with respect to the Offer, the waiting period with respect to the Offer would expire at 11:59 p.m., New York City time, on the tenth calendar day after the date of substantial compliance with such request. Thereafter, the waiting period could be extended only by court order. If the acquisition of Shares is delayed pursuant to a request by the FTC or the Antitrust Division for additional information or documentary material pursuant to the HSR Act, the Offer may, but need not, be extended and, in any event, the purchase of and payment for Shares will be deferred until ten days after the request is substantially complied with, unless the waiting period is sooner terminated by the FTC and the Antitrust Division. Only one extension of such waiting period pursuant to a request for additional information is authorized by the HSR Act and the rules promulgated thereunder, except by court order. Any such extension of the waiting period will not give rise to any withdrawal rights not otherwise provided for by applicable law. See "Section 4—Withdrawal Rights." It is a condition to the Offer that the waiting period applicable under the HSR Act to the Offer expire or be terminated. See "Section 1—Terms of the Offer; Expiration Date" and "Section 14—Certain Conditions of the Offer."

The FTC and the Antitrust Division frequently scrutinize the legality under the antitrust laws of transactions such as the proposed acquisition of Shares by Purchaser pursuant to the Offer. At any time before or after the purchase of Shares pursuant to the Offer by Purchaser, the FTC or the Antitrust Division could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the purchase of Shares pursuant to the Offer or seeking the divestiture of Shares purchased by Purchaser or the divestiture of substantial assets of Parent, the Company or their respective subsidiaries. Private parties and state attorneys general may also bring legal action under federal or state antitrust laws under certain circumstances. Based upon an examination of information available to Parent relating to the businesses in which Parent, the Company

and their respective subsidiaries are engaged, Purchaser and Parent believe that the Offer will not violate the antitrust laws. Nevertheless, there can be no assurance that a challenge to the Offer on antitrust grounds will not be made or, if such a challenge is made, what the result would be. See "Section 14—Certain Conditions of the Offer" for certain conditions to the Offer, including conditions with respect to litigation.

SECTION 16. FEES AND EXPENSES

Purchaser and Parent have retained Georgeson Shareholder Communications Inc. to be the Information Agent, The Bank of New York to be the Depositary, and Goldman, Sachs & Co. to be the Dealer Manager in connection with the Offer. The Information Agent may contact holders of Shares by mail, telephone, telecopy, telegraph and personal interview and the Dealer Manager may request banks, brokers, dealers and other nominees to forward materials relating to the Offer to beneficial owners of Shares.

The Information Agent and the Depositary each will receive reasonable and customary compensation for their respective services in connection with the Offer, will be reimbursed for reasonable out-of-pocket expenses, and will be indemnified against certain liabilities and expenses in connection therewith, including certain liabilities under federal securities laws. The Dealer Manager will be reimbursed for out-of-pocket expenses incurred by it and will be indemnified in connection with their services as Dealer Manager against certain liabilities and expenses, but will not otherwise be compensated for acting as Dealer Manager.

Except as described above, neither Parent nor Purchaser will pay any fees or commissions to any broker or dealer or to any other person in connection with the solicitation of tenders of Shares pursuant to this Offer to Purchase. Brokers, dealers, commercial banks and trust companies will, upon request, be reimbursed by Purchaser for customary mailing and handling expenses incurred by them in forwarding offering materials to their customers.

SECTION 17. MISCELLANEOUS

The Offer is being made solely by this Offer to Purchase and the related Letter of Transmittal and is being made to holders of Shares. Purchaser is not aware of any jurisdiction where the making of the Offer or the tender of Shares in connection therewith would not be in compliance with the laws of such jurisdiction. If Purchaser becomes aware of any jurisdiction in which the making of the Offer or the tender of Shares in connection therewith would not be in compliance with applicable law, Purchaser will make a good faith effort to comply with any such law. If, after such good faith effort, Purchaser cannot comply with any such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser or by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF PURCHASER OR THE COMPANY NOT CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

Pursuant to Rule 14d-3 of the General Rules and Regulations under the Exchange Act, Purchaser and Parent have filed with the SEC the Schedule TO, together with exhibits, furnishing certain additional information with respect to the Offer. The Schedule TO and any amendments thereto, including exhibits, may be inspected at, and copies may be obtained from, the same places and in the same manner as set forth in "Section 7—Certain Information Concerning the Company."

HUDSON ACQUISITION CORP.

Dated: May 25, 2004

SCHEDULE I

**INFORMATION CONCERNING THE DIRECTORS
AND EXECUTIVE OFFICERS OF PARENT AND PURCHASER**

1. DIRECTORS AND EXECUTIVE OFFICERS OF PARENT

The following table sets forth the name, current business address, business telephone and current principal occupation or employment, and material occupations, positions, offices or employments and business address thereof for the past five years of each director and executive officer of Parent. Unless otherwise indicated, the current business address and telephone number of each person is c/o Deluxe Corporation, 3680 Victoria Street North, Shoreview, MN 55126, (651) 483-7111. Each such person is a citizen of the United States. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Parent.

NAME AND BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS(1)
Lawrence J. Mosner Director since August 1999	Chairman and Chief Executive Officer of Parent Mr. Mosner joined Deluxe in November 1995 as president of Deluxe Direct. He became president of the Deluxe Financial Services unit in February, 1997, executive vice president of Deluxe Corporation in July, 1997 and vice chairman in 1999. He assumed the role of chairman and CEO in January of 2001. Before joining Deluxe, Mr. Mosner was executive vice president and chief operating officer at Hanover Direct. He also spent more than 28 years with Sears Roebuck and Company.
Ronald E. Eilers Director since August 2000	President and Chief Operating Officer of Parent Mr. Eilers joined Deluxe Corporation in 1988 when Deluxe acquired Current, Inc. From 1990 to 1995, he was vice president and general manager of Current's direct mail check business. He then became president of PaperDirect, Inc., (a Deluxe subsidiary) and also served as the manager of Deluxe's business forms division. In 1996, he was named vice president of Deluxe Direct and the next year he became president. In August of 1997, Mr. Eilers became a senior vice president and was assigned to manage Deluxe Paper Payment Systems. In May 2000 he became president and COO of the Parent.

Charles A. Haggerty Director since December 2000	Chairman (Retired), Western Digital Corporation Mr. Haggerty was Chairman of the Board of Western Digital Corporation from July 1993 until his retirement in June 2000. Mr. Haggerty was also Chief Executive Officer of Western Digital from July 1993 to January 2000, and was President from June 1992 to July 1993. Western Digital is a manufacturer of hard disk drives. Mr. Haggerty is also a director of Beckman Coulter, Inc. and Pentair, Inc.
William A. Hawkins, III Director since May 2004	Senior Vice President, Medtronic, Inc., and President, Medtronic Vascular Since January 2002, Mr. Hawkins has served as Senior Vice President of Medtronic, Inc., a medical device company, and President of its vascular business. Prior to joining Medtronic, Mr. Hawkins served as Chief Executive Officer of Novoste Corporation, a medical device company, from April 1999 to 2001, and as President of Novoste from June 1998.
Cheryl Mayberry Mckissick Director since December 2000	Chairperson and Chief Executive Officer, Nia Enterprises, LLC Nia Enterprises, LLC is an interactive communications company for diversity marketing and database services, of which Ms. McKissack is also the founder. From November 1997 to November 2000, Ms. McKissack served as Senior Vice President and General Manager of worldwide sales and marketing for Open Port Technology, Inc., a provider of internet infrastructure messaging solutions. Ms. McKissack also serves as director of Private Bancorp, Inc.
Stephen P. Nachtsheim Director since November 1995	Vice President (Retired), Intel Corporation Mr. Nachtsheim was a Corporate Vice President of Intel Corporation, a designer and manufacturer of integrated circuits, microprocessors and other electronic components, and the co-director of Intel Capital from 1998 until his retirement in July 2001. From 1994 until 1998, Mr. Nachtsheim served as the General Manager of Intel's Mobile/Handheld Products Group.

Mary Ann O'Dwyer Director since October 2003	Senior Vice President—Finance and Operations and Chief Financial Officer, Wheels, Inc. Ms. O'Dwyer joined Wheels, Inc. in 1991 and has been their chief financial officer since 1994. She also has held the position of Senior Vice President—Finance and Operations since 2000. Wheels, Inc. is a provider of automotive fleet management services.
Martyn R. Redgrave Director since August 2001	Executive Vice President—Finance and Chief Financial Officer, Carlson Companies, Inc. Mr. Redgrave has been the Executive Vice President—Finance and Chief Financial Officer of Carlson Companies, Inc. since 1994. Carlson Companies is a worldwide provider of hospitality, travel and marketing services.
Robert C. Salipante Director since November 1996	President, Sun Life Financial U.S. Mr. Salipante is President of Sun Life Financial U.S., a position he assumed in February 2003. Sun Life is a financial services organization. Prior to joining Sun Life, Mr. Salipante served as President and General Manager of ING US Financial Services, a financial services company, from October 2001 to April 2002, and General Manager and Chief Executive Officer of ING US Retail Financial Services from September 2000 to October 2001, a position he assumed when ING US Financial Services acquired ReliaStar Financial Corp. Mr. Salipante was President and Chief Operating Officer of ReliaStar, a financial services company, from July 1999 through August 2000, and served as Senior Vice President, Personal Financial Services of ReliaStar from November 1996 through July 1999. He joined ReliaStar in July 1992 as Senior Vice President and Chief Financial Officer.
Stephen J. Berry	Mr. Berry was named a senior vice president of Deluxe in December 2000 and has served as president of Deluxe's Direct Checks segment since May 1999. From August 1997 to April 1999, Mr. Berry was director of marketing for Direct Checks.

(1) During the last five years, all of the directors and executive officers have held the principal occupation indicated opposite their names, except as otherwise indicated.

Guy C. Feltz	Mr. Feltz was named a senior vice president of Deluxe in December 2000 and has served as president of Deluxe's Financial Services segment since July 2000. He was also a vice president of Deluxe from July to December 2000. From August 1999 to July 2000, Mr. Feltz served as senior vice president of sales and marketing for Deluxe's financial institution check printing business. From June 1998 to July 1999, Mr. Feltz was the president and chief executive officer of Deluxe's government services business, which was part of Deluxe's former subsidiary, eFunds Corporation.
Anthony C. Scarfone	Mr. Scarfone joined Deluxe in September 2000 and has served as senior vice president, general counsel and secretary of Deluxe since that time. Prior to joining Deluxe, Mr. Scarfone was vice president, general counsel and secretary of Dahlberg, Inc., a leading worldwide manufacturer, distributor and retailer of electronic hearing devices.
Douglas J. Treff	Mr. Treff joined Deluxe in October of 2000 and has served as senior vice president and chief financial officer of Deluxe since that time. He became an executive officer of Deluxe in December 2000. From February 1993 until Mr. Treff joined Deluxe, he served as vice president, finance, of Wilsons the Leather Experts, Inc. ("Wilsons"), a leather specialty apparel retailer. Mr. Treff was also appointed chief financial officer of Wilsons in May 1996.
Warner F. Schlais	Mr. Schlais has served as senior vice president and chief information officer since November 1999 and became an executive officer of Deluxe in December 2000. From December 1997 to November 1999, Mr. Schlais was vice president and chief information officer.
Richard L. Schulte	Mr. Schulte was named a senior vice president of Deluxe in December 2000 and has served as president of Deluxe's Business Services segment since July 2000. From May 1999 to July 2000, Mr. Schulte was Deluxe's senior vice president of supply chain and operations. From 1995 to May 1999, he was president and general manager of Current, Inc. (now Direct Checks), Deluxe's direct mail check business.
Stuart Alexander	Mr. Alexander was named an executive officer of Deluxe in January 2003. He has served as vice president, investor relations and public affairs since May 1988.

Katherine L. Miller	Ms. Miller was named chief accounting officer and an executive officer of Deluxe in January 2003 and has served as vice president and controller since January 2001. Ms. Miller joined Deluxe in February 1999 and held several finance director positions prior to assuming her vice president and controller responsibilities. Prior to joining Deluxe, Ms. Miller served in various financial management positions for Northwest Airlines, Inc. from September 1995 to February 1999.
Luann Widener	Ms. Widener was named senior vice president, human resources and an executive officer of Deluxe in June 2003. From July 2000 to June 2003, Ms. Widener served as vice president of manufacturing operations for Deluxe's Financial Services segment. From October 1997 to June 2000, Ms. Widener was vice president of process improvement for our Financial Services segment.

2. DIRECTORS AND EXECUTIVE OFFICERS OF PURCHASER

The following table sets forth the name, current business address, business telephone and current principal occupation or employment, and material occupations, positions, offices or employments and business address thereof for the past five years of each director and executive officer of Purchaser. Unless otherwise indicated, the current business address and telephone number of each person is c/o Deluxe Corporation, 3680 Victoria Street North, Shoreview, MN 55126, (651) 483-7111. Each such person is a citizen of the United States. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to that individual's position with Purchaser.

NAME AND BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS(2)
Douglas J. Treff Director since May 2004	Chief Executive Officer and Chief Financial Officer since May 2004. Mr. Treff joined Deluxe in October of 2000 as senior vice president and chief financial officer and became an executive officer of Deluxe in December 2000. From February 1993 until Mr. Treff joined Deluxe, he served as vice president, finance, of Wilsons the Leather Experts, Inc. ("Wilsons"), a leather specialty apparel retailer. Mr. Treff was also appointed chief financial officer of Wilsons in May 1996.

Anthony C. Scarfone	Executive Vice President and Secretary since May 2004. Mr. Scarfone joined Deluxe in September 2000 as senior vice president, general counsel and secretary. Prior to joining Deluxe, Mr. Scarfone was vice president, general counsel and secretary of Dahlberg, Inc., a leading worldwide manufacturer, distributor and retailer of electronic hearing devices.

(2) During the last five years, all of the directors and executive officers have held the principal occupation indicated opposite their names, except as otherwise indicated.

Facsimile copies of the Letter of Transmittal, properly completed and duly signed, will be accepted. The Letter of Transmittal, certificates for shares and any other required documents should be sent or delivered by each stockholder of the Company or his broker, dealer, commercial bank, trust company or other nominee to the Depositary, at one of the addresses set forth below:

Depositary for the Offer is:

The Bank of New York

By Mail:

The Bank of New York
New England Business Service, Inc.
P.O. Box 859208
Braintree, MA 02185-9208

By Facsimile Transmission:

(781) 380-3388
To Confirm Facsimile Transmissions:
(For Eligible Institutions Only)
(781) 843-1833, Ext. 0

By Overnight Courier:

The Bank of New York
New England Business Service, Inc.
161 Bay State Road
Braintree, MA 02184

By Hand:

The Bank of New York
Reorganization Services
101 Barclay Street
Receive and Deliver Window
Street Level
New York, NY 10286

Questions and requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and the Guidelines for Certification of Taxpayer Identification on Substitute Form W-9 may be directed to the Information Agent at the locations and telephone numbers set forth below. Stockholders may also contact Goldman, Sachs & Co., Dealer Manager for the Offer, or their broker, dealer, commercial bank or trust company for assistance concerning the Offer.

The Information Agent for the Offer is:

Georgeson Shareholder

17 State Street, 10th Floor
New York, New York 10004

Banks and Brokers call:
(212) 440-9800

All others call Toll-Free:
(800) 223-2064

The Dealer Manager for the Offer is:

Goldman Sachs

85 Broad Street
New York, New York 10004
(212) 902-1000 (Call Collect)
or
(800) 323-5678 (Toll-Free)

Exhibit 99.1(a)(1)(B)

LETTER OF TRANSMITTAL
TO TENDER SHARES OF COMMON STOCK
(Including the Associated Rights to Purchase Preferred Shares)

OF

NEW ENGLAND BUSINESS SERVICE, INC.
PURSUANT TO THE OFFER TO PURCHASE DATED MAY 25, 2004

OF

HUDSON ACQUISITION CORP.,
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF

DELUXE CORPORATION

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JUNE 23, 2004, UNLESS THE OFFER IS EXTENDED.

The Depositary for the Offer is:

The Bank of New York

By Mail:

The Bank of New York
New England Business Service, Inc.
P.O. Box 859208
Braintree, MA 02185-9208

By Facsimile Transmission:

(781) 380-3388
To Confirm Facsimile Transmissions:
(For Eligible Institutions Only)
(781) 843-1833, Ext. 0

By Overnight Courier:

The Bank of New York
New England Business Service, Inc.
161 Bay State Road
Braintree, MA 02184

By Hand:

The Bank of New York
Reorganization Services
101 Barclay Street
Receive and Deliver Window
Street Level
New York, NY 10286

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY. YOU MUST SIGN THIS LETTER OF TRANSMITTAL IN THE APPROPRIATE SPACE PROVIDED BELOW, WITH SIGNATURE GUARANTEE IF REQUIRED, AND COMPLETE THE SUBSTITUTE W-9 SET FORTH BELOW.

THE INSTRUCTIONS CONTAINED WITHIN THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

DESCRIPTION OF SHARES TENDERED

NAMES AND ADDRESS(ES) OF REGISTERED HOLDER(S) (PLEASE FILL IN, IF BLANK, EXACTLY AS NAME(S) APPEAR(S) ON SHARE CERTIFICATE(S))	SHARE CERTIFICATE(S) AND SHARE(S) TENDERED (ATTACH ADDITIONAL LIST IF NECESSARY)		
	SHARE CERTIFICATE NUMBER(S)*	TOTAL NUMBER OF SHARES EVIDENCED BY SHARE CERTIFICATE(S)	NUMBER OF SHARES TENDERED**
Total Shares			

* Need not be completed by stockholders delivering Shares by book-entry transfer.
** Unless otherwise indicated, it will be assumed that all Shares evidenced by each Share Certificate delivered to the Depositary are being tendered hereby. See Instruction 4.

This Letter of Transmittal is to be completed by Stockholders of New England Business Service, Inc. either if certificates evidencing Shares (as defined below) are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer to an account maintained by the Depositary at the Book-Entry Transfer Facility (as defined in and pursuant to the procedures set forth in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase). **DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.**

Stockholders whose certificates evidencing Shares ("Share Certificates") are not immediately available or who cannot deliver their Share Certificates and all other documents required hereby to the Depositary prior to the Expiration Date (as defined in "Section 1—Terms of the Offer; Expiration Date" of the Offer to Purchase) or who cannot complete the procedure for delivery by book-entry transfer on a timely basis and who wish to tender their Shares must do so pursuant to the guaranteed delivery procedure described in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase. See Instruction 2.

o **CHECK HERE IF SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution: _____

Account Number: _____

Transaction Code Number: _____

o **CHECK HERE IF SHARES ARE BEING TENDERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:**

Name(s) of Registered Holder(s): _____

Window Ticket No. (if any): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that Guaranteed Delivery: _____

If delivery is by book-entry transfer, give the following information:

Account Number: _____

Transaction Code Number: _____

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER, OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

NOTE: SIGNATURES MUST BE PROVIDED BELOW.

Ladies and Gentlemen:

The undersigned hereby tenders to Hudson Acquisition Corp., a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Deluxe Corporation, a Minnesota corporation, the above-described shares of common stock, par value $1.00 per share (the "Shares"), of New England Business Service, Inc., a Delaware corporation (the "Company"), pursuant to Purchaser's Offer to Purchase all Shares at $44.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated May 25, 2004 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements hereto or thereto, collectively constitute the "Offer"). All references in this Letter of Transmittal to "Shares" include the associated rights to purchase shares of preferred stock issued pursuant to the Amended and Restated Rights Agreement, dated October 20, 1994 as amended as of November 1, 2001 and May 17, 2004 between the Company and EquiServe Trust Company, N.A., as rights agent.

Upon the terms and subject to the conditions of the Offer (and if the Offer is extended or amended, the terms of any such extension or amendment), and subject to, and effective upon, acceptance for payment of Shares tendered herewith, in accordance with the terms of the Offer, the undersigned hereby sells, assigns and transfers to or upon the order of Purchaser all right, title and interest in and to all Shares that are being tendered hereby and all dividends, distributions (including, without limitation, distributions of additional Shares) and rights declared, paid or distributed in respect of such Shares on or after May 25, 2004 (collectively, "Distributions") and irrevocably appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares (and all Distributions), with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (i) deliver Share Certificates evidencing such Shares (and all Distributions), or transfer ownership of such Shares (and all Distributions) on the account books maintained by the Book-Entry Transfer Facility, together, in either case, with all accompanying evidences of transfer and authenticity, to or upon the order of Purchaser, (ii) present such Shares (and all Distributions) for transfer on the books of the Company and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (and all Distributions), all in accordance with the terms of the Offer.

By executing this Letter of Transmittal, the undersigned hereby irrevocably appoints The Bank of New York as the attorneys and proxies of the undersigned, each with full power of substitution, to vote in such manner as each such attorney and proxy or its substitute shall, in its sole discretion, deem proper and otherwise act (by written consent or otherwise) with respect to all Shares tendered hereby which have been accepted for payment by Purchaser prior to the time of such vote or other action and all Shares and other securities issued in Distributions in respect of such Shares, which the undersigned is entitled to vote at any meeting of Stockholders of the Company (whether annual or special and whether or not an adjourned or postponed meeting) or consent in lieu of any such meeting or otherwise. This proxy and power of attorney is coupled with an interest in Shares tendered hereby, is irrevocable and is granted in consideration of, and is effective upon, the acceptance for payment of such Shares by Purchaser in accordance with other terms of the Offer. Such acceptance for payment shall revoke all other proxies and powers of attorney granted by the undersigned at any time with respect to such Shares (and all Shares and other securities issued in Distributions in respect of such Shares), and no subsequent proxies, powers of attorney, consents or revocations may be given by the undersigned with respect thereto (and if given will not be deemed effective). The undersigned understands that, in order for Shares or Distributions to be deemed validly tendered, immediately upon Purchaser's acceptance of such Shares for payment, Purchaser must be able to exercise full voting and other rights with respect to such Shares (and any and all Distributions), including, without limitation, voting at any meeting of the Company's Stockholders then scheduled.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer Shares tendered hereby and all Distributions, that when such Shares are accepted for payment by Purchaser, Purchaser will acquire good, marketable and unencumbered title thereto and to all Distributions, free and clear of all liens, restrictions, charges and encumbrances, and that none of such Shares and Distributions will be subject to any adverse claim. The undersigned, upon request, shall execute and deliver all additional documents deemed by the Depositary or Purchaser to be necessary or desirable to complete the sale, assignment and transfer of Shares tendered hereby and all Distributions. In addition, the undersigned shall remit and transfer promptly to the Depositary for the account of Purchaser all Distributions in respect of Shares tendered hereby, accompanied by appropriate documentation of transfer, and pending such remittance and transfer or appropriate assurance thereof, Purchaser shall be entitled to all rights and privileges as owner of each such Distribution and may withhold the entire purchase price of Shares tendered hereby, or deduct from such purchase price, the amount or value of such Distribution as determined by Purchaser in its sole discretion.

No authority herein conferred or agreed to be conferred shall be affected by, and all such authority shall survive, the death or incapacity of the undersigned. All obligations of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned understands that the valid tender of Shares pursuant to any one of the procedures described in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase and in the Instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer. Purchaser's acceptance of such Shares for payment will constitute a binding agreement between the undersigned and Purchaser upon the terms and subject to the conditions of the Offer (and, if the Offer is extended or amended, the terms or conditions of any such extension or amendment).

Unless otherwise indicated below in the box entitled "Special Payment Instructions," please issue the check for the purchase price of all Shares purchased and return all Share Certificates evidencing Shares not tendered or not accepted for payment in the name(s) of the registered holder(s) appearing above under "Description of Shares Tendered." Similarly, unless otherwise indicated below in the box entitled "Special Delivery Instructions," please mail the check for the purchase price of all Shares purchased and return all Share Certificates evidencing Shares not tendered or not accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing above under "Description of Shares Tendered" on the reverse hereof. In the event that the boxes below entitled "Special Payment Instructions" and "Special Delivery Instructions" are both completed, please issue the check for the purchase price of all Shares purchased and return all Share Certificates evidencing Shares not tendered or not accepted for payment in the name(s) of, and deliver such check and return such Share Certificates (and any accompanying documents, as appropriate) to, the person(s) so indicated. Unless otherwise indicated below in the box entitled "Special Payment Instructions," please credit any Shares tendered hereby and delivered by book-entry transfer that are not accepted for payment by crediting the account at the Book-Entry Transfer Facility designated above. The undersigned recognizes that Purchaser has no obligation, pursuant to the Special Payment Instructions, to transfer any Shares from the name of the registered holder(s) thereof if Purchaser does not accept for payment any Shares tendered hereby.

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed **ONLY** if the check for the purchase price of Shares and Share Certificates evidencing Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned.

Issue Check and Share Certificate(s) to:

Name: _____

(Please Print)

Address: _____

_____

Zip Code

_____

(Tax Identification Or Social Security Number)
(SEE SUBSTITUTE FORM W-9 BELOW)

Account Number: _____

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed **ONLY** if the check for the purchase price of Shares purchased and Share Certificates evidencing Shares not tendered or not purchased are to be mailed to someone other than the undersigned, or the undersigned at an address other than that shown under "Description of Shares Tendered."

Mail Check and Share Certificate(s) to:

Name: _____

(Please Print)

Address: _____

_____

Zip Code

_____

(Tax Identification Or Social Security Number)
(SEE SUBSTITUTE FORM W-9 BELOW)

IMPORTANT
STOCKHOLDERS: SIGN HERE
(PLEASE COMPLETE SUBSTITUTE FORM W-9 BELOW)

Signature(s) of holder(s)

Dated: , 2004.

(Must be signed by registered holder(s) exactly as name(s) appear(s) on Share Certificates or on a security position listing by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information and see Instruction 5.)

Name(s):

Please Print

Capacity (full title):

Address:

Include Zip Code

Daytime Area Code and Telephone No:

Taxpayer Identification or Social Security No.:

(SEE SUBSTITUTE FORM W-9 BELOW)

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 5)

FOR USE BY FINANCIAL INSTITUTIONS ONLY.
FINANCIAL INSTITUTIONS: PLACE MEDALLION GUARANTEE IN SPACE BELOW.

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer

1. ***Guarantee of Signatures.*** All signatures on this Letter of Transmittal (and any separate schedule delivered in accordance with Instruction 3) must be guaranteed by a firm which is a member of the Security Transfer Agent Medallion Signature Program, or by any other "eligible guarantor institution", as such term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended (each of the foregoing being an "Eligible Institution") unless (i) this Letter of Transmittal is signed by the registered holder(s) of Shares (which term, for purposes of this document, shall include any participant in the Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Shares) tendered hereby and such holder(s) has (have) not completed the box entitled "Special Payment Instructions" or "Special Delivery Instructions" on the reverse hereof or (ii) such Shares are tendered for the account of an Eligible Institution. See Instruction 5.

2. ***Delivery of Letter of Transmittal and Share Certificates.*** This Letter of Transmittal is to be used either if Share Certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for tenders by book-entry transfer pursuant to the procedure set forth in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase. Share Certificates evidencing all physically tendered Shares, or a confirmation of a book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility of all Shares delivered by book-entry transfer, as well as a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) and any other documents required by this Letter of Transmittal, must be received by the Depositary at one of its addresses set forth below prior to the Expiration Date (as defined in "Section 1—Terms of the Offer; Expiration Date" of the Offer to Purchase) or the expiration of a subsequent offering period, if applicable. If Share Certificates are forwarded to the Depositary in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery. Stockholders whose Share Certificates are not immediately available, who cannot deliver their Share Certificates and all other required documents to the Depositary prior to the Expiration Date or who cannot complete the procedure for delivery by book-entry transfer on a timely basis may tender their Shares pursuant to the guaranteed delivery procedure described in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution; (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form made available by Purchaser, must be received by the Depositary prior to the Expiration Date; and (iii) the Share Certificates evidencing all physically delivered Shares in proper form for transfer by delivery, or a confirmation of a book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility of all Shares delivered by book-entry transfer, in each case together with a Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees (or in the case of a book-entry transfer, an Agent's Message (as defined in "Section 2—Acceptance for Payment and Payment for Shares" of the Offer to Purchase)) and any other documents required by this Letter of Transmittal, must be received by the Depositary within three New York Stock Exchange ("NYSE") trading days after the date of execution of such Notice of Guaranteed Delivery, all as described in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH THE BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. By execution of this Letter of Transmittal (or a manually signed facsimile hereof), all

tendering stockholders waive any right to receive any notice of the acceptance of their Shares for payment.

3. ***Inadequate Space.*** If the space provided on the reverse hereof under "Description of Shares Tendered" is inadequate, the Share Certificate numbers, the number of Shares evidenced by such Share Certificates and the number of Shares tendered should be listed on a separate signed schedule and attached hereto.

4. ***Partial Tenders (not applicable to stockholders who tender by book-entry transfer).*** If fewer than all Shares evidenced by any Share Certificate delivered to the Depositary herewith are to be tendered hereby, fill in the number of Shares that are to be tendered in the box entitled "Number of Shares Tendered." In such cases, new Share Certificate(s) evidencing the remainder of Shares that were evidenced by the Share Certificates delivered to the Depositary herewith will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the box entitled "Special Delivery Instructions" on the reverse hereof, as soon as practicable after the Expiration Date or the termination of the Offer. All Shares evidenced by Share Certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. ***Signatures on Letter of Transmittal; Stock Powers and Endorsements.*** If this Letter of Transmittal is signed by the registered holder(s) of Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share Certificates evidencing such Shares without alteration, enlargement or any other change whatsoever.

If any Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any Shares tendered hereby are registered in different names, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such Shares.

If this Letter of Transmittal is signed by the registered holder(s) of Shares tendered hereby, no endorsements of Share Certificates or separate stock powers are required, unless payment is to be made to, or Share Certificates evidencing Shares not tendered or not accepted for payment are to be issued in the name of, a person other than the registered holder(s). If the Letter of Transmittal is signed by a person other than the registered holder(s) of the Share Certificate(s) evidencing Shares tendered, the Share Certificate(s) tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of Shares tendered hereby, the Share Certificate(s) evidencing Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Share Certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to Purchaser of such person's authority so to act must be submitted.

6. ***Stock Transfer Taxes.*** Except as otherwise provided in this Instruction 6, Purchaser will pay all stock transfer taxes with respect to the sale and transfer of any Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price of any Shares purchased is to be made to, or Share Certificate(s) evidencing Shares not tendered or not accepted for payment are to be issued in the name of, any person other than the registered holder(s) or if tendered certificates are registered in the name of any person other than the person(s) signing the Letter of Transmittal, the amount of any stock

transfer taxes (whether imposed on the registered holder(s), or such other person, or otherwise) payable on account of the transfer to such other person will be deducted from the purchase price of such Shares purchased, unless evidence satisfactory to Purchaser of the payment of such taxes, or exemption therefrom, is submitted.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Share Certificates evidencing Shares tendered hereby.

7. ***Special Payment and Delivery Instructions.*** If a check for the purchase price of any Shares tendered hereby is to be issued in the name of, and/or Share Certificate(s) evidencing Shares not tendered or not accepted for payment are to be issued in the name of and/or returned to, a person other than the person(s) signing this Letter of Transmittal or if such check or any such Share Certificate is to be sent to a person other than the signor of this Letter of Transmittal or to the person(s) signing this Letter of Transmittal but at an address other than that shown in the box entitled "Description of Shares Tendered" on the cover page hereof, the appropriate boxes herein must be completed.

8. ***Questions and Requests for Assistance or Additional Copies.*** Questions and requests for assistance may be directed to the Information Agent at the address or telephone number set forth below. Additional copies of the Offer to Purchase, this Letter of Transmittal, the Notice of Guaranteed Delivery and the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 may be obtained from the Information Agent.

9. ***Substitute Form W-9.*** Each tendering stockholder that is a U.S. person (or a U.S. resident alien) is generally required to provide the Depositary with a correct Taxpayer Identification Number ("TIN") on the Substitute Form W-9 which is provided under "Important Tax Information" below, and to certify, under penalty of perjury, that such number is correct and that such stockholder is not subject to backup withholding of federal income tax. If a tendering stockholder has been notified by the "IRS" that such stockholder is subject to backup withholding, such stockholder must cross out item (2) of the Certification box of the Substitute Form W-9, unless such stockholder has since been notified by the IRS that such stockholder is no longer subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering stockholder to 28% federal income tax withholding on the payment of the purchase price of all Shares purchased from such stockholder. If the tendering stockholder has not been issued a TIN and has applied for one or intends to apply for one in the near future, such stockholder should write "Applied For" in the space provided for the TIN in Part I of the Substitute Form W-9, and sign and date the Substitute Form W-9. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 28% on all payments of the purchase price to such stockholder until a TIN is provided to the Depositary. A surrendering stockholder that is not a U.S. person (nor a U.S. resident alien) should not complete Substitute Form W-9. A surrendering foreign stockholder should contact the Depositary and request the applicable IRS Form W-8.

10. ***Waiver of Conditions.*** Except as otherwise provided in the Offer to Purchase, Purchaser reserves the absolute right, in its sole discretion, to waive any of the conditions of the Offer or any defect or irregularity in the tender of Shares of any particular stockholder, whether or not similar defects or irregularities are waived in the case of other stockholders.

11. ***Lost, Destroyed, or Stolen Share Certificates.*** If any Share Certificate has been lost, destroyed, or stolen, the tendering stockholder should promptly notify the Company's current transfer agent, EquiServe Trust Company, N.A. at (800) 736-3001. The tendering stockholder will be instructed as to the steps that must be taken in order to replace the Share Certificate. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed Share Certificates have been followed.

IMPORTANT TAX INFORMATION

Under U.S. federal income tax law, a stockholder that is a U.S. person (or a U.S. resident alien) whose tendered Shares are accepted for payment is generally required to provide the Depositary (as payer) with such stockholder's correct TIN on Substitute Form W-9 provided herewith. If such stockholder is an individual, the TIN generally is such stockholder's social security number. If the Depositary is not provided with the correct TIN, the stockholder may be subject to a $50 penalty imposed by the IRS and payments that are made to such stockholder with respect to Shares purchased pursuant to the Offer may be subject to backup withholding of 28%. In addition, if a stockholder makes a false statement that results in no imposition of backup withholding, and there was no reasonable basis for making such statement, a $500 penalty may also be imposed by the IRS.

Certain persons are not subject to backup withholding. An exempt stockholder, other than a foreign person, should enter the stockholder's name, address, status and TIN on the face of the Substitute Form W-9, write "Exempt" on the face of Part II of the Substitute Form W-9, and sign, date and return the Substitute Form W-9 to the Depositary. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" (the "W-9 Guidelines") for additional instructions. A stockholder that is not a U.S. person (nor a U.S. resident alien) (a "foreign stockholder") should not complete the Substitute Form W-9. A foreign stockholder should contact the Depositary and request the applicable IRS Form W-8. The foreign stockholder should then complete, sign and return the appropriate IRS Form W-8 in accordance with instructions provided by the Depositary in order to avoid any applicable withholding. A stockholder should consult his or her tax advisor as to such stockholder's qualification for exemption from backup withholding and the procedure for obtaining such exemption.

If backup withholding applies, the Depositary is required to withhold 28% of any payments made to the Stockholder. Backup withholding is not an additional tax. Rather, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained provided that, the required information is timely furnished to the IRS.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments that are made to a stockholder with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depositary of such stockholder's correct TIN by completing the form below certifying that (a) the TIN provided on Substitute Form W-9 is correct (or that such stockholder is awaiting a TIN), (b)(i) such stockholder has not been notified by the IRS that he is subject to backup withholding as a result of a failure to report all interest or dividends or (ii) the IRS has notified such stockholder that such stockholder is no longer subject to backup withholding and (c) the Stockholder is a U.S. person (including a U.S. resident alien).

WHAT NUMBER TO GIVE THE DEPOSITARY

The stockholder (other than an exempt or foreign Stockholder subject to the requirements set forth above) is required to give the Depositary the TIN (e.g., social security number or employer identification number) of the record holder of Shares tendered hereby. If Shares are in more than one name or are not in the name of the actual owner, consult the enclosed W-9 Guidelines for additional guidance on which number to report. If the tendering stockholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, the stockholder should write "Applied For" in the space provided for the TIN in Part I, and sign and dated the Substitute Form W-9. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 28% of all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

PAYER'S NAME: The Bank of New York

SUBSTITUTE
FORM W-9
DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE

PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

PART I—Taxpayer Identification Number—For all accounts, enter your taxpayer identification number in the box at right. (For most individuals, this is your social security number. If you do not have a number, see "Obtaining a Number" in the enclosed Guidelines.) Certify by signing and dating below. Note: If the account is in more than one name, see the chart in the enclosed Guidelines to determine which number to give the payer.

Social security number
or

Employer identification number

(If awaiting TIN write "Applied For")

PART II—For Payees Exempt from Backup Withholding, see the enclosed Guidelines and complete as instructed therein.

CERTIFICATION—Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me),

(2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to back-up withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

(3) I am a U.S. person (including a U.S. resident alien).

CERTIFICATE INSTRUCTIONS—You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)

SIGNATURE: _____ DATE: _____ , 2004

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THIS OFFER. PLEASE REVIEW THE ENCLOSED "GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9" FOR ADDITIONAL DETAILS.

NOTE: YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU ARE AWAITING A TAXPAYER IDENTIFICATION NUMBER.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number, the specified rate of all payments made to me shall be retained until I provide a taxpayer identification number and that, if I do not provide my taxpayer identification number within 60 days, such retained amounts shall be remitted to the Internal Revenue Service as backup withholding and the specified rate of all reportable payments made to me thereafter will be withheld and remitted to the Internal Revenue Service until I provide a taxpayer identification number.

SIGNATURE: _____ DATE: _____ , 2004

Facsimiles of the Letter of Transmittal, properly completed and duly signed, will be accepted. The Letter of Transmittal and Share Certificates and any other required documents should be sent or delivered by each stockholder or such stockholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses or to the facsimile number set forth below prior to the Expiration Date.

Questions or requests for assistance may be directed to the Information Agent or Goldman Sachs & Co., as Dealer Manager, at their respective addresses and telephone numbers listed below. Additional copies of the Offer to Purchase, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent. A stockholder may also contact brokers, dealers, commercial banks or trust companies for assistance concerning the Offer.

The Depositary for the Offer is:

The Bank of New York

By Mail:

The Bank of New York
New England Business Service, Inc.
P.O. Box 859208
Braintree, MA 02185-9208

By Facsimile Transmission:

(781) 380-3388
To Confirm Facsimile Transmissions:
(For Eligible Institutions Only)
(781) 843-1833, Ext. 0

By Overnight Courier:

The Bank of New York
New England Business Service, Inc.
161 Bay State Road
Braintree, MA 02184

By Hand:

The Bank of New York
Reorganization Services
101 Barclay Street
Receive and Deliver Window
Street Level
New York, NY 10286

The Information Agent for the Offer is:

Georgeson Shareholder

17 State Street, 10th Floor
New York, NY 10004

Banks and Brokers Call:
(212) 440-9800

All Others Call Toll Free:
(800) 733-6209

The Dealer Manager for the Offer is:

Goldman Sachs

85 Broad Street
New York, New York 10004
(212) 902-1000 (Call Collect)
or
(800) 323-5678 (Toll-Free)

Exhibit 99.1(a)(1)(C)

NOTICE OF GUARANTEED DELIVERY

FOR

TENDER OF SHARES OF COMMON STOCK
(Including the Associated Rights to Purchase Preferred Shares)

OF

NEW ENGLAND BUSINESS SERVICE, INC.

TO

HUDSON ACQUISITION CORP.,
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF

DELUXE CORPORATION

(NOT TO BE USED FOR SIGNATURE GUARANTEES)

This Notice of Guaranteed Delivery, or a form substantially equivalent hereto, must be used to accept the Offer (as defined below) (i) if certificates ("Share Certificates"), evidencing shares of common stock, par value $1.00 per share ("Shares"), of New England Business Service, Inc., a Delaware corporation (the "Company"), are not immediately available, (ii) if Share Certificates and all other required documents cannot be delivered to The Bank of New York, as Depositary (the "Depositary"), prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase (as defined below)) or (iii) if the procedure for delivery by book-entry transfer cannot be completed on a timely basis. All references herein to "Shares" include the associated rights to purchase shares of preferred stock issued pursuant to the Amended and Restated Rights Agreement, dated October 20, 1994 as amended as of November 1, 2001 and May 17, 2004, between the Company and EquiServe Trust Company, N.A., as rights agent. This Notice of Guaranteed Delivery may be delivered by hand or mail or transmitted by telegram, or facsimile transmission to the Depositary. See "Section 3—Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase."

The Depositary for the Offer is:

The Bank of New York

By Mail:

The Bank of New York
New England Business Service, Inc.
P.O. Box 859208
Braintree, MA 02185-9208

By Facsimile Transmission:

(781) 380-3388
To Confirm Facsimile
Transmissions:
(For Eligible Institutions Only)
(781) 843-1833, Ext. 0

By Hand:

The Bank of New York
Reorganization Services
101 Barclay Street
Receive and Deliver Window
Street Level
New York, NY 10286

By Overnight Courier:

The Bank of New York
New England Business Service, Inc.
161 Bay State Road
Braintree, MA 02184

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Hudson Acquisition Corp., a Delaware corporation and an indirect wholly owned subsidiary of Deluxe Corporation, a Minnesota corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated May 25, 2004 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer"), receipt of each of which is hereby acknowledged, the number of Shares specified below pursuant to the guaranteed delivery procedure set forth in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase.

Number of Shares:

Certificate Nos. (If Available):

o Check this box if Shares will be delivered by book-entry transfer:

Book-Entry Transfer Facility
Account No.:

Signature(s) of Holder(s)

Dated: , 2004

Please Type or Print

Address

Zip Code

Daytime Area Code and Telephone No.

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a participant in the Security Transfer Agents Medallion Program or an "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, guarantees to deliver to the Depositary either certificates representing the Shares tendered hereby, in proper form for transfer, or confirmation of book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company, in each case with delivery of a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or, in the case of a book-entry transfer, confirmation of the book-entry transfer of such Shares in the Depositary's account and The Depository Trust Company, together with an Agent's Message (as defined in the Offer to Purchase), in each case together with any other documents required by the Letter of Transmittal, within five New York Stock Exchange trading days after the date hereof.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must delivery the Letter of Transmittal and certificates for Shares to the Depositary within the time period shown herein. Failure to do so could result in a financial loss to such Eligible Institution.

Name of Firm: _____

Authorized Signature _____

Address: _____

Zip Code: _____

Area Code and Tel. No.: _____

Name: _____

Please Type or Print

Title: _____

Dated: _____ , 2004

DO NOT SEND SHARE CERTIFICATES WITH THIS NOTICE.
SHARE CERTIFICATES SHOULD BE SENT WITH YOUR
LETTER OF TRANSMITTAL.

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 99.1(a)(1)(D)

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number for the Payee (you) to Give the Payer.—Social security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employee identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer. All "Section" references are to the Internal Revenue Code of 1986, as amended. "IRS" is the Internal Revenue Service.

For this type of account:	Give the SOCIAL SECURITY number of—
1. Individual	The Individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship account or single member LLC that has not elected corporate status. Give the EMPLOYER IDENTIFICATION number of — for this type of account:	The owner(3)

For this Type of account:	Give the EMPLOYER IDENTIFICATION number of—
6. A valid trust, estate, or pension trust	The legal entity(4)
7. Corporate account or LLC electing corporate status on Form 8832	The corporation
8. Association, club, religious, charitable, educational, or the tax-exempt organization	The organization
9. Partnership account or multi-member LLC that has not elected corporate status	The partnership
10. A broker or registered nominee	The broker or nominee
11. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

1. List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
2. Circle the minor's name and furnish the minor's social security number.
3. You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number of your employer identification number (if you have one).
4. List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

Obtaining a Number

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Card for individuals, at the local Social Administration office, or Form SS-4, Application for Employer Identification Number, by calling 1 (800) TAX-FORM, and apply for a number. U.S. resident aliens who cannot obtain a Social Security Number must apply for an ITIN (Individual Taxpayer Identification Number) on Form W-7.

Payees Exempt from Backup Withholding Payees specifically exempted from withholding include:

- An organization exempt from tax under Section 501(a), an individual retirement account (IRA), or a custodial account under Section 403(b)(7), if the account satisfies the requirements of Section 401(f)(2).
- The United States or a state thereof, the District of Columbia, a possession of the United States, or a political subdivision or instrumentality of any one or more of the foregoing.
- An international organization or any agency or instrumentality thereof.
- A foreign government and any political subdivision, agency or instrumentality thereof.

Payees that may be exempt from backup withholding include:

- A corporation.
- A financial institution.
- A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- A real estate investment trust.
- A common trust fund operated by a bank under Section 584(a).
- An entity registered at all times during the tax year under the Investment Company Act of 1940.
- A middleman known in the investment community as a nominee or custodian.
- A futures commission merchant registered with the Commodity Futures Trading Commission.
- A foreign central bank of issue.
- A trust exempt from tax under Section 664 or described in Section 4947.

Payments of dividends and patronage dividends generally exempt from backup withholding include:

- Payments to nonresident aliens subject to withholding under Section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) payments made by an ESOP.

Payments of interest generally exempt from backup withholding include:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under Section 852).

- Payments described in Section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under Section 1451.
- Payments made by certain foreign organizations.
- Mortgage interest paid to you.

Certain payments, other than payments of interest, dividends, and patronage dividends, that are exempt from information reporting are also exempt from backup withholding. For details, see the regulations under Sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N.

Exempt payees described above must file form W-9 or a substitute form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" IN PART II OF THE FORM, SIGN AND DATE THE FORM, AND RETURN IT TO THE PAYER.

Privacy Act Notice

Section 6109 requires you to provide your correct taxpayer identification number to payers, who must report the payments to the IRS. The IRS uses the number for identification purposes and may also provide this information to various government agencies for tax enforcement or litigation purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold up to 28% of taxable interest, dividends, and certain other payments to a payee who does not furnish a taxpayer identification number to payer. Certain penalties may also apply.

Penalties

(1) Failure to Furnish Taxpayer Identification Number. If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information with Respect to Withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

(3) Criminal Penalty for Falsifying Information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

QuickLinks

Exhibit 99.1(a)(1)(E)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(Including the Associated Rights to Purchase Preferred Shares)

OF

NEW ENGLAND BUSINESS SERVICE, INC.

AT

$44.00 NET PER SHARE

BY

HUDSON ACQUISITION CORP.
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
DELUXE CORPORATION

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JUNE 23, 2004, UNLESS THE OFFER IS EXTENDED.

May 25, 2004

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

We have been engaged by Hudson Acquisition Corp., a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Deluxe Corporation, a Minnesota corporation ("Parent"), and Parent to act as Dealer Manager in connection with Purchaser's offer to purchase all the shares of common stock, par value $1.00 per share ("Shares"), of New England Business Service, Inc., a Delaware corporation (the "Company"), that are issued and outstanding for $44.00 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in Purchaser's Offer to Purchase, dated May 25, 2004 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer") enclosed herewith. All references herein to "Shares" include the associated rights to purchase shares of preferred stock issued pursuant to the Amended and Restated Rights Agreement, dated October 20, 1994 as amended as of November 1, 2001 and May 17, 2004, between the Company and EquiServe Trust Company, N.A., as rights agent. Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold Shares registered in your name or in the name of your nominee.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) THERE HAVING BEEN VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER AT LEAST THAT NUMBER OF SHARES OF COMMON STOCK, PAR VALUE $1.00 PER SHARE, OF THE COMPANY, INCLUDING THE ASSOCIATED RIGHTS TO PURCHASE SHARES OF THE COMPANY'S PREFERRED STOCK (COLLECTIVELY, THE "SHARES"), THAT CONSTITUTES MORE THAN 67% OF THE VOTING POWER (DETERMINED ON A FULLY DILUTED BASIS) OF ALL SECURITIES OF THE COMPANY ENTITLED TO VOTE IN THE ELECTION OF DIRECTORS OR IN A MERGER, (2) THE EXPIRATION OR TERMINATION OF THE APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED, AND (3) THERE NOT HAVING OCCURRED AND BE CONTINUING ANY COMPANY MATERIAL ADVERSE EFFECT (AS DEFINED IN THE MERGER AGREEMENT). THE OFFER IS ALSO SUBJECT TO CERTAIN OTHER CONDITIONS DESCRIBED IN THIS OFFER TO PURCHASE. SEE "SECTION 1—TERMS OF THE OFFER; EXPIRATION DATE" AND "SECTION 14—CERTAIN CONDITIONS OF THE OFFER," WHICH SET FORTH IN FULL THE CONDITIONS TO THE OFFER.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated May 25, 2004;

2. Letter of Transmittal for your use in accepting the Offer and tendering Shares and for the information of your clients;

3. Notice of Guaranteed Delivery to be used to accept the Offer if the Shares and all other required documents are not immediately available or cannot be delivered to The Bank of New York (the "Depositary") prior to the Expiration Date (as defined in the Offer to Purchase) or if the procedure for book-entry transfer cannot be completed prior to the Expiration Date;

4. A letter to stockholders of the Company from Richard T. Riley, President and Chief Executive Officer of the Company, together with a Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission by the Company;

5. A letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;

6. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and

7. Return envelope addressed to the Depositary.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JUNE 23, 2004, UNLESS THE OFFER IS EXTENDED.

In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates evidencing such Shares (or a confirmation of a book-entry transfer of such Shares into the Depositary's account at the Book-Entry Transfer Facility (as defined in the Offer to Purchase)), (ii) a Letter of Transmittal (or a manually signed facsimile thereof) properly completed and duly executed with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message (as defined in the Offer to Purchase) and (iii) any other required documents.

If holders of Shares wish to tender, but it is impracticable for them to forward their certificates or other required documents prior to the expiration of the Offer, a tender may be effected by following the guaranteed delivery procedure described in "Section 3—Procedures for Accepting the Offer and Tendering Shares" of the Offer to Purchase.

Purchaser will not pay any fees or commissions to any broker, dealer or other person in connection with the solicitation of tenders of Shares pursuant to the Offer. However, Purchaser will reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients. Purchaser will pay or cause to be paid any stock transfer taxes payable with respect to the transfer of Shares to it, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

Any inquiries you may have with respect to the Offer should be addressed to the Depositary at the addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Additional copies of the enclosed material may be obtained from the Information Agent, at the addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Very truly yours,
Goldman, Sachs & Co.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF PARENT, PURCHASER, THE COMPANY, OR THE DEALER MANAGER, THE INFORMATION AGENT THE DEPOSITARY, OR OF ANY AFFILIATE OF ANY OF THE FOREGOING, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR TO MAKE ANY STATEMENT ON BEHALF OF ANY OF THE FOREGOING IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

Exhibit 99.1(a)(1)(F)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(Including the Associated Rights to Purchase Preferred Shares)

OF

NEW ENGLAND BUSINESS SERVICE, INC.

AT

$44.00 NET PER SHARE

BY

HUDSON ACQUISITION CORP.,
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF

DELUXE CORPORATION

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JUNE 23, 2004, UNLESS THE OFFER IS EXTENDED.

May 25, 2004

To Our Clients:

Enclosed for your consideration are an Offer to Purchase, dated May 25, 2004 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer") in connection with the Offer by Hudson Acquisition Corp., a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Deluxe Corporation, a Minnesota corporation ("Parent"), to purchase all the shares of common stock, par value $1.00 per share ("Shares") of New England Business Service, Inc., a Delaware corporation (the "Company"), that are issued and outstanding for $44.00 per share (such amount being the "Per Share Amount"), net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal. All references herein to "Shares" include the associated rights to purchase shares of preferred stock issued pursuant to the Amended and Restated Rights Agreement, dated October 20, 1994 as amended as of November 1, 2001 and May 17, 2004, between the Company and EquiServe Trust Company, N.A., as rights agent. We are (or our nominee is) the holder of record of Shares held for your account. A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE ENCLOSED LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

We request instructions as to whether you wish to have us tender on your behalf any or all Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is invited to the following:

1. The tender price is $44.00 per Share, net to you in cash.

2. The Offer is being made for all outstanding Shares.

3. The Board of Directors of the Company has unanimously determined that the Merger Agreement and the transactions contemplated thereby, including each of the Offer and the Merger (as defined in the Offer to Purchase), are advisable and fair to, and in the best interests of, the Company and the holders of Shares, has approved and declared advisable the Merger Agreement (as defined in the Offer to Purchase) and the transactions contemplated thereby, including each of

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the Offer and Merger, and has recommended that holders of Shares accept the Offer and tender their Shares pursuant to the Offer.

4. THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, JUNE 23, 2004, UNLESS THE OFFER IS EXTENDED.

5. The Offer is conditioned upon, among other things, (1) there having been validly tendered and not withdrawn prior to the expiration of the Offer at least that number of Shares that constitutes more than 67% of the voting power (determined on a fully diluted basis) of all securities of the Company entitled to vote in the election of directors or in a merger, (2) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and (3) there not having occurred and be continuing any Company Material Adverse Effect (as defined in the Agreement and Plan of Merger, dated May 17, 2004, by and among Parent, Purchaser and the Company). The Offer is also subject to certain other conditions described in the Offer to Purchase. see "Section 1—Terms of the Offer; Expiration Date" and "Section 14—Certain Conditions of the Offer" of the Offer to Purchase which set forth in full the conditions to the Offer.

6. Tendering stockholders will not be obligated to pay brokerage fees or commissions to the Dealer Manager, the Information Agent or the Depository or, except as otherwise provided in Instruction 6 of the Letter of Transmittal, stock transfer taxes with respect to the purchase of Shares by Purchaser pursuant to the Offer.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing and returning to us the instruction form contained in this letter. An envelope in which to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified in your instructions. YOUR INSTRUCTIONS SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.

The Offer is being made solely by the Offer to Purchase and the related Letter of Transmittal and is being made to holders of Shares. Purchaser is not aware of any jurisdiction where the making of the Offer is prohibited by any administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by Goldman, Sachs & Co., the Dealer Manager for the Offer, or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

INSTRUCTIONS WITH RESPECT TO THE OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES
(Including the Associated Rights to Purchase Preferred Shares)
OF
New England Business Service, Inc.

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated May 25, 2004, and the related Letter of Transmittal (which, together with the Offer to Purchaser and any amendments or supplements thereto, collectively constitute the "Offer") in connection with the offer by Hudson Acquisition Corp., a Delaware corporation and an indirect wholly owned subsidiary of Deluxe Corporation, a Minnesota corporation, to purchase all the shares of common stock, par value $1.00 per share ("Shares"), of New England Business Service, Inc., a Delaware corporation, that are issued and outstanding at a purchase price of $44.00 per Share, net to the seller in cash, subject to the terms and conditions set forth in the Offer to Purchase and in the related Letter of Transmittal. All references herein to "Shares" include the associated rights to purchase shares of preferred stock issued pursuant to the Amended and Restated Rights Agreement, dated October 20, 1994 as amended as of November 1, 2001 and May 17, 2004, between the Company and EquiServe Trust Company, N.A., as rights agent.

This will instruct you to tender the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

Dated: _____, 2004

Number of Shares to be Tendered: _____ Shares(1)

(1) Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

Sign Here

_____

_____

Signature(s)

_____

_____

Please Type or Print Names(s)

_____

_____

_____

Please Type or Print Address

_____

Area Code and Telephone Number

_____

Tax Identification or Social Security Number

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below). The Offer (as defined below) is being made solely by the Offer to Purchase (as defined below) dated May 25, 2004 and the related Letter of Transmittal, and is being made to holders of Shares. Purchaser (as defined below) is not aware of any jurisdiction where the making of the Offer or the tender of Shares in connection therewith would not be in compliance with the laws of such jurisdiction. If Purchaser becomes aware of any jurisdiction in which the making of the Offer or the tender of Shares in connection therewith would not be in compliance with applicable law, Purchaser will make a good faith effort to comply with any such law. If, after such good faith effort, Purchaser cannot comply with any such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by Goldman, Sachs & Co. (the "Dealer Manager"), or by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

NOTICE OF OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(Including the Associated Rights to Purchase Preferred Shares)

OF
NEW ENGLAND BUSINESS SERVICE, INC.

AT

$44.00 NET PER SHARE

BY

HUDSON ACQUISITION CORP.,
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
DELUXE CORPORATION

Hudson Acquisition Corp., a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Deluxe Corporation, a Minnesota corporation ("Parent"), is offering to purchase all of the outstanding shares of common stock, par value $1.00 per share (the "Shares"), of New England Business Service, Inc., a Delaware corporation (the "Company"), at a purchase price of $44.00 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated May 25, 2004 (the "Offer to Purchase"), and in the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer"). All references to "Shares" include the associated rights to purchase shares of preferred stock issued pursuant to the Amended and Restated Rights Agreement, dated October 20, 1994 as amended as of November 1, 2001 and May 17, 2004, between the Company and EquiServe Trust Company, N.A., as rights agent. Purchaser or Parent will pay all fees and expenses of the Dealer Manager, The Bank of New York (the "Depositary") and Georgeson Shareholder Communications, Inc. (the "Information Agent") in connection with the Offer. Following the Offer, Purchaser intends to effect the merger described below.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JUNE 23, 2004, UNLESS THE OFFER IS EXTENDED.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of May 17, 2004 (the "Merger Agreement"), by and among the Company, Parent and Purchaser. The Merger Agreement provides, among other things, that as soon as practicable after the purchase of Shares pursuant to the Offer and the satisfaction or waiver of certain other conditions set forth in the Merger Agreement and in accordance with relevant provisions of the General Corporation Law of the State of Delaware ("Delaware Law"), Purchaser will be merged with and into the Company (the "Merger"). As a result of the Merger, the Company will continue as the surviving corporation and will become an indirect wholly owned subsidiary of Parent. At the effective time of the Merger (the "Effective Time"), each Share issued and outstanding immediately prior to the Effective Time (other than Shares held by the Company or Shares owned by Purchaser, Parent or any direct or indirect wholly owned subsidiary of Parent or any wholly owned subsidiary of the Company, and other than Shares held by stockholders who are entitled to and have properly exercised appraisal rights under Delaware Law) shall be canceled and converted automatically into the right to receive $44.00 in cash, or any higher price that may be paid per Share in the Offer, without interest. Stockholders who have properly demanded appraisal rights in accordance with Section 262 of Delaware Law will be entitled to receive, in connection with the Merger, cash for the fair value of their Shares as determined pursuant to the

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procedures prescribed by Delaware Law. See Section 11 of the Offer to Purchase. The Merger Agreement is more fully described in Section 10 of the Offer to Purchase.

The Board of Directors of the Company has unanimously determined that the Merger Agreement and the transactions contemplated thereby, including each of the Offer and the Merger, are advisable and fair to, and in the best interests of, the Company and the holders of Shares, has approved and declared advisable the Merger Agreement and the transactions contemplated thereby, including each of the Offer and the Merger, and has recommended that the holders of Shares accept the Offer and tender their Shares pursuant to the Offer.

The Offer is conditioned upon, among other things, (i) there having been validly tendered and not withdrawn prior to the expiration of the Offer at least that number of Shares that constitutes more than 67% of the voting power (determined on a fully diluted basis) of all securities of the Company entitled to vote in the election of directors or in a merger, (ii) the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and (iii) there not having occurred and be continuing any Company Material Adverse Effect (as defined in the Merger Agreement). The Offer is also subject to certain other conditions described in the Offer to Purchase. See Section 1 and Section 14 of the Offer to Purchase.

For purposes of the Offer (including during any Subsequent Period (as defined below)), Purchaser will be deemed to have accepted for payment (and thereby purchased) Shares validly tendered and not properly withdrawn as, if and when Purchaser gives oral or written notice to the Depositary of Purchaser's acceptance for payment of such Shares pursuant to the Offer. Upon the terms and subject to the conditions of the Offer, payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payments from Purchaser and transmitting such payments to tendering stockholders whose Shares have been accepted for payment. Under no circumstances will Purchaser pay interest on the purchase price for Shares, regardless of any delay in making such payment. In all cases (including during any Subsequent Period), Purchaser will pay for Shares tendered and accepted for payment pursuant to the Offer only after timely receipt by the Depositary of (i) the certificates evidencing such Shares (the "Share Certificates") or timely confirmation of a book-entry transfer of such Shares into the Depositary's account at the Book-Entry Transfer Facility (as defined in Section 2 of the Offer to Purchase) pursuant to the procedures set forth in Section 3 of the Offer to Purchase, (ii) the Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message (as defined in Section 2 of the Offer to Purchase) and (iii) any other documents required under the Letter of Transmittal.

Subject to the applicable rules of the Securities and Exchange Commission (the "SEC") and the terms and conditions of the Offer, Purchaser expressly reserves the right (i) to delay payment for Shares in order to comply in whole or in part with applicable laws (any such delay shall be effected in compliance with Rule 14e-1(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which requires Purchaser to pay the consideration offered or to return Shares deposited by or on behalf of stockholders promptly after the termination or withdrawal of the Offer), (ii) to extend or terminate the Offer and not to accept for payment or pay for any Shares not theretofore accepted for payment or paid for, upon the occurrence of any of the conditions to the Offer specified on Annex A to the Merger Agreement and described in Section 14 of the Offer to Purchase, and (iii) to amend the Offer or to waive any conditions to the Offer in any respect consistent with the Merger Agreement, in each case by giving oral or written notice of such delay, termination, waiver or amendment to the Depositary and by making public announcement thereof. An announcement in the case of an extension is to be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date of the Offer (in accordance with Rule 14e-1(d) under the Exchange Act).

Purchaser may provide for a subsequent offering period in connection with the Offer. If Purchaser does provide for any such subsequent offering period, subject to the applicable rules and regulations of the SEC, Purchaser may elect to extend its Offer beyond the scheduled expiration date for a subsequent offering period of up to an additional 20 business days in the aggregate (the "Subsequent Period"), if, among other things, upon the expiration of the Offer (i) all of the conditions to Purchaser's obligation to accept for payment, and to pay for, the Shares are satisfied or waived and (ii) Purchaser immediately accepts for payment, and promptly pays for, all Shares validly tendered (and not withdrawn) prior to the expiration of the Offer. Shares tendered during a Subsequent Period may not be withdrawn. See Section 4 of the Offer to Purchase. Purchaser will immediately accept for payment, and promptly pay for, all validly tendered Shares as they are received during any Subsequent Period. Any election by Purchaser to include a Subsequent Period may be effected by Purchaser giving oral or written notice of the Subsequent Period to the Depositary. If Purchaser decides to include a Subsequent Period, it will make an announcement to that effect by issuing a news release to a national newswire service on the next business day after the previously scheduled expiration date of the Offer.

Any tender of Shares made pursuant to the Offer is irrevocable except that such Shares may be withdrawn at any time prior to the expiration of the Offer, and, unless theretofore accepted for payment by Purchaser pursuant to the Offer, may also be withdrawn at any time after July 24, 2004. For a withdrawal of Shares previously tendered in the Offer to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the

Depositary at one of its addresses set forth on the back cover page of the Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of such Shares, if different from that of the person who tendered such Shares. If Share Certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such Share Certificates, the serial numbers shown on such Share Certificates must be submitted to the Depositary and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in Section 3 of the Offer to Purchase), unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer as set forth in Section 3 of the Offer to Purchase, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the Book-Entry Transfer Facility's procedures. ALL QUESTIONS AS TO THE FORM AND VALIDITY (INCLUDING TIME OF RECEIPT) OF ANY NOTICE OF WITHDRAWAL WILL BE DETERMINED BY PURCHASER, IN ITS SOLE DISCRETION, WHOSE DETERMINATION WILL BE FINAL AND BINDING. NONE OF PURCHASER, PARENT OR ANY OF THEIR RESPECTIVE AFFILIATES OR ASSIGNS, THE DEALER MANAGER, THE INFORMATION AGENT, THE DEPOSITARY, THE COMPANY OR ANY OTHER PERSON WILL BE UNDER ANY DUTY TO GIVE ANY NOTIFICATION OF ANY DEFECTS OR IRREGULARITIES IN ANY NOTICE OF WITHDRAWAL OR INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTIFICATION.

The information required to be disclosed by Rule 14d-6(d)(1) of the General Rules and Regulations under the Exchange Act is contained in the Offer to Purchase and is incorporated herein by reference.

The Company has provided Purchaser with the Company's stockholder list and security position listings, including the most recent list of names, addresses and security positions of non-objecting beneficial owners in the possession of the Company, for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase and the related Letter of Transmittal, together with the Schedule 14D-9 of the Company, will be mailed by Purchaser to record holders of Shares whose names appear on the Company's stockholder list and will be furnished, for subsequent transmittal to beneficial owners of Shares, to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing.

The Offer to Purchase and the related Letter of Transmittal contain important information which should be read before any decision is made with respect to the Offer.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth below. Requests for copies of the Offer to Purchase, the Letter of Transmittal and all other tender offer materials may be directed to the Information Agent and will be furnished promptly at Purchaser's expense. Purchaser will not pay any fees or commissions to any broker or dealer or any other person (other than the Dealer Manager, the Depositary and the Information Agent) for soliciting tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:

Georgeson Shareholder

17 State Street, 10th Floor
New York, New York 10004

Banks and Brokers Call:
(212) 440-9800

All Others Call Toll Free:
(800) 733-6209

The Dealer Manager for the Offer is:

Goldman Sachs

85 Broad Street
New York, New York 10004
Call: (212) 902-1000
Call Toll Free: (800) 323-5678

May 25, 2004

BRIDGE REVOLVING CREDIT AGREEMENT

Dated as of May 24, 2004

among

DELUXE CORPORATION,

BANK ONE, NA,
as Administrative Agent,

THE BANK OF NEW YORK
and
WACHOVIA BANK, NATIONAL ASSOCIATION,
as Co-Syndication Agents,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

arranged by

BANC ONE CAPITAL MARKETS, INC.,
as Lead Arranger and Sole Book Runner

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BRIDGE REVOLVING CREDIT AGREEMENT

This BRIDGE REVOLVING CREDIT AGREEMENT is entered into as of May 24, 2004, among DELUXE CORPORATION, a Minnesota corporation (the "*Company*"), the several financial institutions from time to time party to this Agreement (collectively, the "*Banks*"; individually, a "*Bank*"), and BANK ONE, NA, with its principal office in Chicago, Illinois, as administrative agent (the "*Agent*") for the Banks.

WHEREAS, the Banks have agreed to make available to the Company a revolving credit facility upon the terms and conditions set forth in this Agreement;

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

ARTICLE I

DEFINITIONS

1.01 *Certain Defined Terms.* The following terms have the following meanings:

"*Acquisition*" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any material part of the business and operations or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Company or a Subsidiary is the surviving entity.

"*Acquisition Corp.*" means Hudson Acquisition Corp., Delaware corporation and a wholly-owned Subsidiary of the Company.

"*Affiliate*" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"*Agent*" means Bank One in its capacity as administrative agent for the Banks hereunder, and any successor agent arising under Section 9.09.

"*Agent-Related Persons*" means Bank One in its capacity as Agent and any successor agent arising under Section 9.09, together with their respective Affiliates (including, in the case of Bank One, Banc One Capital Markets, Inc.), the Co-Syndication Agents, together with their Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"*Agent's Payment Office*" means the address for payments set forth on Schedule 10.02 hereto in relation to the Agent, or such other address as the Agent may from time to time specify.

"*Agreement*" means this Bridge Revolving Credit Agreement.

"*Applicable Fee Rate*" means, at any time, the percentage rate per annum at which the Commitment Fee (as defined in Section 2.12) accrues at such time as set forth in the pricing grid on *Annex I*.

"*Applicable Margin*" means (i) with respect to Base Rate Committed Loans, the amount set forth below the indicated Level Status opposite the heading "Base Rate Applicable Margin" and (ii) with respect to Offshore Rate Loans, the amount set forth below the indicated Level Status opposite the heading "LIBO Rate Applicable Margin", in the pricing grid set forth on *Annex I*.

The Applicable Margin shall automatically change in respect of all Committed Loans then outstanding or as to which a Notice of Borrowing has been delivered as of the date of any public announcement by S&P or Moody's resulting in a change of Level Status.

"*Arranger*" means Banc One Capital Markets, Inc.

"*Asset Sale*" has the meaning specified in Section 7.02.

"*Assignee*" has the meaning specified in subsection 10.08(a).

"*Assignment and Acceptance*" has the meaning specified in Section 10.08(a).

"*Attorney Costs*" means and includes all reasonable fees and disbursements of any law firm or other external counsel, the reasonable allocated cost of internal legal services and all reasonable disbursements of internal counsel.

"*Bank*" has the meaning specified in the introductory clause hereto.

"*Bank One*" means Bank One, NA, a national banking association having its principal office in Chicago, Illinois, in its individual capacity, and its successors.

"*Bankruptcy Code*" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, *et seq.*).

"*Base Rate*" means, for any day, a fluctuating rate of interest per annum equal to (i) the higher of (a) the Prime Rate for such day and (b) the sum of (A) the Federal Funds Effective Rate for such day and (B) one-half of one percent (0.5%) per annum, *plus* (ii) the then Applicable Margin, changing as and when the Applicable Margin changes.

"*Base Rate Committed Loan*" means a Committed Loan that bears interest based on the Base Rate.

"*Borrowing*" means a borrowing hereunder consisting of Loans of the same Type (in the case of Committed Loans) made to the Company on the same day by one or more of the Banks under Article II, and may be a Committed Borrowing, other than in the case of Base Rate Committed Loans, having the same Interest Period.

"*Borrowing Date*" means any date on which a Borrowing occurs under Section 2.03.

"*Business Day*" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City or Chicago are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

"*Capital Adequacy Regulation*" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"*Closing Date*" means the date on which all conditions precedent set forth in Section 4.01 are satisfied or waived by all Banks (or, in the case of subsection 4.01(e), waived by the Person entitled to receive such payment).

"*Co-Syndication Agents*" means The Bank of New York and Wachovia Bank, National Association, in their capacity as co-syndication agents for the credit transaction evidenced by this Agreement.

"*Code*" means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

"*Commitment*", as to each Bank, has the meaning specified in Section 2.01.

"*Commitment Fee*" has the meaning specified in Section 2.12.

"*Committed Borrowing*" means a Borrowing hereunder consisting of Committed Loans made on the same day by the Banks ratably according to their respective Pro Rata Shares and, in the case of Offshore Rate Loans, having the same Interest Periods.

"*Committed Loan*" means a Loan by a Bank to the Company under Section 2.01, and may be an Offshore Rate Loan or a Base Rate Committed Loan (each, a "*Type*" of Committed Loan).

"*Compliance Certificate*" means a certificate substantially in the form of *Exhibit A*.

"*Contingent Obligation*" means, as applied to any Person, any material direct or indirect liability of that Person with respect to any Indebtedness, lease, dividend, Surety Instrument or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person, whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, or (c) 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 (d) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof; in each case (a), (b), (c) or (d), including arrangements wherein the rights and remedies of the holder of the primary obligation are limited to repossession or sale of certain property of such Person. The amount of any Contingent Obligation shall be deemed equal to the lesser of (x) the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, or (y) any limitation of such Contingent Obligation contained in the instrument or agreement creating such Contingent Obligation.

"*Contractual Obligation*" means, as to any Person, any provision either of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound and which in either case is material to such Person.

"*Conversion/Continuation Date*" means any date on which, under Section 2.04, the Company (a) converts Committed Loans of one Type to another Type, or (b) continues Committed Loans of the same Type, but with a new Interest Period, in the case of Committed Loans having Interest Periods expiring on such date.

"*Default*" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"*Dollars*", "*dollars*" and "*$*" each mean lawful money of the United States.

"*Eligible Assignee*" means (i) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least $500,000,000; (ii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having a combined capital and surplus of at least $500,000,000, provided that such bank is acting through a branch or agency located in the United States; or (iii) a Person that is primarily engaged in the business of commercial banking and that is (A) a Subsidiary of a Bank, (B) a Subsidiary of a Person of which a Bank is a Subsidiary, or (C) a

Person of which a Bank is a Subsidiary; *provided* that any such bank or Person shall also have senior unsecured long-term debt ratings which are rated at least A- (or the equivalent) as publicly announced by S&P or A3 (or the equivalent) as publicly announced by Moody's.

"*Environmental Claims*" means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

"*Environmental Laws*" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"*ERISA Affiliate*" means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"*ERISA Event*" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA of, or the commencement of proceedings by the PBGC to terminate, a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

"*Event of Default*" means any of the events or circumstances specified in Section 8.01.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and regulations promulgated thereunder.

"Existing Credit Agreements" means, collectively, (i) that certain Amended and Restated 364-Day Revolving Credit Agreement, dated as of August 14, 2003, by and among the Company, the lenders parties thereto, and Bank One, NA, as administrative agent, and (ii) that certain 5-Year Revolving Credit Agreement, dated as of August 19, 2002, by and among the Company, the lenders parties thereto, and Bank One, NA, as administrative agent, as each of the foregoing agreements may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

"*Existing Target Debt Facilities*" means (i) the Second Amended and Restated Revolving Credit Agreement dated as of July 13, 2001, as amended, by and among the Target, Fleet National Bank and certain other financial institutions, (ii) the Note Purchase Agreement dated as of November 9, 2001 by and between the Target and The Prudential Insurance Company of America relating to the Target's 7.23% Senior Notes due November 9, 2008, and (iii) the Note Purchase Agreement dated as of January 20, 2004 by and among the Target, The Prudential Insurance Company of America and certain of its affiliates relating to the Target's 5.62% Senior Notes due January 20, 2014.

"*Federal Funds Effective Rate*" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"*Financing*" means, with respect to any Person, (i) the issuance or sale by such Person of any equity interests in such Person, or (ii) the issuance, assumption, incurrence or sale by such Person of any Indebtedness (including, without limitation, the issuance or sale by such Person of bonds).

"*FRB*" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"*Funded Debt*" means as of the date of any determination all outstanding Indebtedness of the Company and its consolidated Subsidiaries which matures more than one (1) year after the incurrence thereof or is extendable, renewable or refundable, at the option of the obligor, to a date more than one (1) year after the incurrence thereof.

"*Funding Date*" means the date on which all conditions precedent set forth in Sections 4.01 and 4.02 are satisfied or waived by the Majority Banks.

"*GAAP*" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession).

"*Governmental Authority*" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any governmental regulatory authority or agency such as the FDIC, FRB, IRS or SEC.

"*Indebtedness*" of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all recourse indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person; (f) all obligations with respect to capital leases, and (g) all reimbursement obligations with respect to letters of credit; *provided*, *however*, that the term "Indebtedness" shall not include non-recourse obligations or indebtedness of any kind; and *provided further*, *however*, that the term "Indebtedness" shall not include any such obligations or indebtedness owing by the Company or any Subsidiary to the Company or any Subsidiary.

"*Indemnified Liabilities*" has the meaning specified in Section 10.05.

"*Indemnified Person*" has the meaning specified in Section 10.05.

"*Independent Auditor*" has the meaning specified in subsection 6.01(a).

"*Insolvency Proceeding*" means with respect to a Person (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors generally, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"*Interest Payment Date*" means, as to any Loan other than a Base Rate Committed Loan, the last day of each Interest Period applicable to such Loan and the Termination Date, and, as to any Base Rate Committed Loan, the last Business Day of each calendar quarter and the Termination Date, *provided*, *however*, that if any Interest Period for an Offshore Rate Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date.

"*Interest Period*" means, as to any Offshore Rate Loan, the period commencing on the Business Day such Loan is disbursed, or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Loan, and ending on the date one, two, three or six months thereafter, as selected by the Company in its Notice of Borrowing or Notice of Conversion/Continuation, as the case may be;

provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period for any Loan shall extend beyond the Termination Date.

"*IRS*" means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

"*Lending Office*" means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on *Schedule 10.02*, or such other office or offices as such Bank may from time to time notify the Company and the Agent.

"*Level I Status*" has the meaning specified in *Annex I*.

"*Level II Status*" has the meaning specified in *Annex I*.

"*Level III Status*" has the meaning specified in *Annex I*.

"*Level IV Status*" has the meaning specified in *Annex I*.

"*Level V Status*" has the meaning specified in *Annex I*.

"*Level Status*" means Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status (as such terms are defined in *Annex I*), as applicable at any time.

"*LIBO Base Rate*" for any Interest Period, with respect to each Offshore Rate Loan comprising part of the same Committed Borrowing, means, for the relevant Interest Period, the applicable British Bankers' Association Interest Settlement Rate for deposits in Dollars as reported by any generally recognized financial information service as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period; provided that if no such British Bankers' Association Interest Settlement Rate is available, the applicable LIBO Base Rate for the relevant Interest Period shall instead be the rate determined by the Agent to be the rate at which Bank One offers to place deposits in Dollars with first class banks in the London interbank market at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, in the approximate amount of Bank One's relevant Eurodollar Loan, and having a maturity equal to such Interest Period.

"*LIBO Rate*" means, with respect to each Offshore Rate Loan comprising part of the same Committed Borrowing for the relevant Interest Period, the sum of (i) the quotient of (a) the LIBO Base Rate applicable to such Interest Period, *divided by* (b) one *minus* the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, *plus* (ii) the then Applicable Margin, changing as and when the Applicable Margin changes.

"*Lien*" means any security interest, mortgage, deed of trust, pledge, hypothecation, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement signed by and naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law), but not including the interest of a lessor under an operating lease.

"*Loan*" means an extension of credit by a Bank to the Company under Article II.

"*Loan Documents*" means this Agreement, any Notes and all other documents, instruments and agreements delivered to the Agent or any Bank in connection herewith.

"*Majority Banks*" means (a) at any time prior to the Termination Date, Banks then holding greater than 50% of the Commitments, and (b) otherwise, Banks then holding greater than 50% of the then aggregate unpaid principal amount of the Loans.

"*Margin Stock*" means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

"*Material Adverse Effect*" means (a) a material adverse change in, or a material adverse effect upon, the financial condition of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect upon the legality, validity, binding effect or enforceability against the Company of this Agreement or the Notes.

"*Material Subsidiary*" means, at any time, any Subsidiary having at such time either (i) total (gross) revenues for the preceding four fiscal quarter period in excess of 20% of total (gross) revenues of the Company and its consolidated Subsidiaries for such period or (ii) total assets, as of the last day of the preceding fiscal quarter, having a net book value in excess of 20% of the total assets of the Company and its consolidated Subsidiaries as of such day, in each case, based upon the Company's most recent annual or quarterly financial statements delivered to the Agent under Section 6.01.

"*Merger*" means the merger of Acquisition Corp. and Target pursuant to the Merger Agreement.

"*Merger Agreement*" means that certain Agreement and Plan of Merger dated as of May 17, 2004 by and among the Company, the Acquisition Corp. and Target.

"*Moody's*" means Moody's Investors Service, a division of Dun & Bradstreet Corporation.

"*Multiemployer Plan*" means a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

"*Net Cash Proceeds*" means, with respect to any Asset Sale or any Financing by any Person, cash (freely convertible into Dollars) received by such Person or any Subsidiary of such Person from such sale of Property (including cash received as consideration for the assumption or incurrence of liabilities incurred in connection with or in anticipation of such sale of Property) or Financing, after (i) provision for all income or other taxes measured by or resulting from such sale of Property, (ii) payment of all reasonable brokerage commissions and other fees and expenses related to such sale of Property or Financing, and (iii) all amounts used to repay Indebtedness (including, without limitation, any interest, premiums and penalties thereon) secured by a Lien on any asset disposed of in such sale of Property which is or may be required (by the express terms of the instrument governing such Indebtedness) to be repaid in connection with such sale of Property (including payments made to obtain or avoid the need for the consent of any holder of such Indebtedness) or Financing.

"*Notes*" has the meaning specified in Section 2.02.

"*Notice of Borrowing*" means a notice in substantially the form of *Exhibit B*.

"*Notice of Conversion/Continuation*" means a notice in substantially the form of *Exhibit C*.

"*Obligations*" means all advances, debts, liabilities, obligations (including, but not limited to, reimbursement obligations with respect to letters of credit), covenants and duties arising under this Agreement and the Notes, owing by the Company to any Bank, the Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"*Offshore Rate Loan*" means any Committed Loan that bears interest based on the LIBO Base Rate.

"*Organization Documents*" means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation.

"*Other Taxes*" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"*Participant*" has the meaning specified in subsection 10.08(d).

"*PBGC*" means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

"*Pension Plan*" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Company sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in

Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

"*Permitted Indebtedness Financings*" means (i) except with respect to the Existing Credit Agreements, any replacement, renewal, refinancing or extension of any Indebtedness of the Company and its Subsidiaries existing on the Closing Date that (a) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Indebtedness being replaced, renewed, refinanced or extended, (b) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Indebtedness being replaced, renewed, refinanced or extended and (c) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Indebtedness being replaced, renewed, refinanced or extended, (ii) the issuance of commercial paper by the Company in the ordinary course of business, (iii) borrowings under the Existing Credit Agreements (as the same may be renewed, extended, restated or replaced, but without giving effect to any increase in the commitments thereunder), and (iv) Indebtedness secured by a Lien permitted under Section 7.01(i).

"*Permitted Liens*" has the meaning specified in Section 7.01.

"*Person*" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

"*Plan*" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Company sponsors or maintains or to which the Company makes, is making, or is obligated to make contributions and includes any Pension Plan.

"*Prime Rate*" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"*Pro Rata Share*" means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's Commitment divided by the combined Commitments of all Banks (or, if all Commitments have been terminated, the aggregate principal amount of such Bank's Loans divided by the aggregate principal amount of the Loans then held by all Banks). The initial Pro Rata Share of each Bank is set forth opposite such Bank's name in *Schedule 2.01* under the heading "Pro Rata Share.".

"*Replacement Bank*" has the meaning specified in Section 3.08.

"*Reportable Event*" means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"*Requirement of Law*" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"*Reserve Requirement*" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on "Eurocurrency liabilities" (as defined in Regulation D).

"*Responsible Officer*" means any of the following officers of the Company: the chief executive officer, the chief operating officer, the president, the chief financial officer, the treasurer, the assistant treasurer, or any other officer of the Company having similar authority and responsibility to any of the foregoing.

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

"*SEC*" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"*Solvent*" means, when used with respect to any Person, that at the time of determination:

(i) the fair value of its assets (both at fair valuation and at present fair saleable value, it being recognized that such determination shall not be made based on the book value of such assets as determined in accordance with GAAP) is equal to or in excess of the total amount of its liabilities, including, without limitation, contingent liabilities; and

(ii) it is then able and expects to be able to pay its debts as they mature; and

(iii) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

For purposes of this definition of "Solvent", with respect to contingent liabilities (such as litigation, guarantees and pension plan liabilities), such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the time, represent the amount which can be reasonably be expected to become an actual or matured liability.

"*Subsidiary*" of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 60% of the voting stock, membership interests or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

"*Surety Instruments*" means all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"*Target*" means New England Business Service, Inc., a Delaware corporation.

"*Taxes*" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is organized or maintains a lending office; *provided*, *however*, that "Taxes" shall be limited to taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, which are imposed by any Governmental Authority in the United States unless the Company makes any payments hereunder with funds derived from sources outside the United States.

"*Tender Offer*" means the tender offer announced May 17, 2004 pursuant to which Acquisition Corp. has offered to purchase the stock of Target.

"*Termination Date*" means the earlier to occur of:

(a) May 20, 2005; and

(b) the date on which the Commitments terminate in accordance with Section 2.07 or 8.02 of this Agreement.

"*Transaction Documents*" means the Loan Documents and the documents executed and delivered by the Company or any of its Subsidiaries in connection with the Tender Offer and the Merger Agreement.

"*Type*" has the meaning specified in the definition of "Committed Loan."

"*Unfunded Pension Liability*" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"*United States*" and "*U.S.*" each means the United States of America.

"*Weighted Average Life to Maturity*" means when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness. For illustrative purposes, the Weighted Average Life to Maturity of Indebtedness with $100 of outstanding principal amount, a final maturity in 12 months from the date of calculation and installments equal to $10 on the last day of the first quarter, $10 on the last day of the second quarter, $10 on the last day of the third quarter and $70 at maturity, is calculated as follows: (i) sum of $10($^{3}/_{12}$) + $10($^{6}/_{12}$) + $10($^{9}/_{12}$) + $70($^{12}/_{12}$) *divided by* (ii) $100.

"*Wholly-Owned Subsidiary*" means any corporation in which (other than directors' qualifying shares or similar nominal shares required by law) 100% of the capital stock of each class having ordinary voting power, and 100% of the capital stock of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.02 *Other Interpretive Provisions.*

(a) *Defined Terms.* Unless otherwise specified herein or therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms. Terms (including uncapitalized terms) not otherwise defined herein and that are defined in the UCC shall have the meanings therein described.

(b) *The Agreement.* The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, section, schedule and exhibit references are to this Agreement unless otherwise specified.

(c) *Certain Common Terms.*

(i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(d) *Performance; Time.* Whenever any performance obligation hereunder shall be stated to be due or required to be satisfied on a day other than a Business Day, such performance shall be made or satisfied on the next succeeding Business Day. In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including." If any provision of this Agreement refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision shall be interpreted to encompass any and all reasonable means, direct or indirect, of taking, or not taking, such action.

(e) *Contracts.* Unless otherwise expressly provided herein, references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications

thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document.

(f) *Laws.* References to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(g) *Captions.* The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(h) *Independence of Provisions.* The parties acknowledge that this Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters, and that such limitations, tests and measurements are cumulative and must each be performed, except as expressly stated to the contrary in this Agreement.

1.03 *Accounting Principles.*

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II

THE CREDITS

2.01 *The Bridge Revolving Credit.* Each Bank severally agrees, on the terms and conditions set forth herein, to make Committed Loans to the Company from time to time on any Business Day during the period from the Funding Date to the Termination Date, in an aggregate amount not to exceed at any time outstanding the amount set forth on *Schedule 2.01* (such amount as the same may be reduced under Sections 2.07 or 2.09 or changed as a result of one or more assignments under Section 10.08, such Bank's "*Commitment*"); *provided*, *however*, that, the aggregate principal amount of all outstanding Committed Loans shall not at any time exceed the combined Commitments. Within the limits of each Bank's Commitment, at any time prior to the Termination Date and subject to the other terms and conditions hereof, the Company may borrow under this Section 2.01, prepay under Section 2.08 and reborrow under this Section 2.01.

2.02 *Loan Accounts; Notes.*

(a) The Committed Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. The loan accounts or records maintained by the Agent and each Bank shall be prima facie evidence of the amount of the Loans made by the Banks to the Company and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) If requested by any Bank, the Company shall execute and deliver to such Bank a promissory note evidencing such Bank's Committed Loans (each a "*Note*", and collectively, the "*Notes*") (each such Note to be substantially in the form of *Exhibit D*). Each Bank shall endorse on the schedule annexed to its Note the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Company with respect thereto. Each such Bank is irrevocably authorized by the Company to endorse its Note and each Bank's record shall be prima facie evidence of the amount of each such Loan; *provided*, *however*, that the failure of a Bank to make, or an error in

making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Bank.

2.03 *Procedure for Committed Borrowing.*

(a) Each Committed Borrowing shall be made upon the Company's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by the Agent (i) prior to 10:00 a.m. (Chicago time) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Loans; and (ii) prior to 10:00 a.m. (Chicago time) on the requested Borrowing Date, in the case of Base Rate Committed Loans, specifying:

(A) the amount of the Committed Borrowing, which shall be in an aggregate minimum amount of $5,000,000 or any multiple of $1,000,000 in excess thereof;

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type of Committed Loans comprising the Committed Borrowing; and

(D) if the Committed Loans consist of Offshore Rate Loans, the duration of the Interest Period applicable to such Committed Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Committed Borrowing comprised of Offshore Rate Loans, such Interest Period shall be one month.

(b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Committed Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Committed Borrowing available to the Agent for the account of the Company at the Agent's Payment Office by 12:00 noon (Chicago time) on the Borrowing Date requested by the Company in funds immediately available to the Agent. Any such amount which is received later than 12:00 noon (Chicago time) shall be deemed to have been received on the immediately succeeding Business Day. The proceeds of each such Committed Borrowing will then be made available to the Company by the Agent at such office by crediting the account of the Company on the books of Bank One for the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent, or if requested by the Company, by wire transfer in accordance with written instructions provided to the Agent by the Company of such funds as received by the Agent, unless on the date of the Committed Borrowing all or any portion of the proceeds thereof shall then be required to be applied to the repayment of any outstanding Loans, in which case such proceeds or portion thereof shall be applied to the payment of such Loans.

(d) After giving effect to any Committed Borrowing, there may not be more than eight (8) different Interest Periods in effect in respect of all Committed Loans together then outstanding.

2.04 *Conversion and Continuation Elections for Committed Borrowings.*

(a) The Company may, upon irrevocable written notice to the Agent in accordance with subsection 2.04(b):

(i) elect, as of any Business Day, in the case of Base Rate Committed Loans, or as of the last day of the applicable Interest Period, in the case of Offshore Rate Loans, to convert any such Committed Borrowings (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof) into Committed Borrowings of the other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Committed Borrowings having Interest Periods expiring on such day (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Offshore Rate Loans in respect of any Committed Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than $1,000,000, such Offshore Rate Loans shall automatically convert into Base Rate Committed Loans, and on and after such date the right of the Company to continue such Committed Loans as, and convert such Committed Loans into, Offshore Rate Loans shall terminate.

(b) The Company shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than (i) 10:00 a.m. (Chicago time) at least three Business Days in advance of the Conversion/Continuation Date, if the Committed Borrowings are to be converted into or continued as Offshore Rate Loans; and (ii) 10:00 a.m. (Chicago time) on the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Committed Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount of Committed Loans to be converted or continued;

(C) the Type of Committed Loans resulting from the proposed conversion or continuation; and

(D) other than in the case of conversions into Base Rate Committed Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Loans, the Company has failed to select timely a new Interest Period to be applicable to such Loans in accordance with Section 2.04(b), or if any Event of Default then exists, the Company shall be deemed to have elected to convert such Offshore Rate Loans into Base Rate Committed Loans effective as of the expiration date of such Interest Period.

(d) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Company, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Committed Loans with respect to which the notice was given held by each Bank.

(e) Unless the Majority Banks otherwise agree, during the existence of an Event of Default, the Company may not elect to have a Committed Loan made as, converted into or continued as, an Offshore Rate Loan.

(f) Unless otherwise agreed to by the Agent, after giving effect to any conversion or continuation of Committed Loans, there may not be more than eight (8) different Interest Periods in effect in respect of all Committed Loans together then outstanding.

2.05 *[RESERVED]*.

2.06 *[RESERVED]*.

2.07 *Termination or Reduction of Commitments.* The Company may, upon not less than three Business Days' prior notice to the Agent, terminate the Commitments, or permanently reduce the Commitments by an aggregate minimum amount of $5,000,000 or any multiple of $1,000,000 in excess thereof; *unless*, after giving effect thereto and to any payments or prepayments of Committed Loans made on the effective date thereof, the then-outstanding principal amount of the Loans would exceed the amount of the combined Commitments then in effect. To the extent the Company shall elect not to terminate and prepay the Existing Target Debt Facilities described in clauses (ii) and (iii) of the definition thereof and existing as of the Funding Date, the Banks' Commitments shall be automatically reduced on a ratable basis immediately prior to making the initial Loan hereunder on the Funding Date in an amount equal to the outstanding principal amount of such Existing Target Debt Facilities remaining outstanding. The Agent shall promptly notify the Banks of any such termination or

reduction. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share. All accrued commitment fees to, but not including the effective date of any reduction or termination of Commitments, shall be paid on the effective date of such reduction or termination.

2.08 *Optional Prepayments.* Subject to Section 3.04, the Company may, at any time or from time to time, upon not less than three Business Days' irrevocable notice to the Agent, in the case of Offshore Rate Loans, or upon not less than one Business Day's irrevocable notice to the Agent, in the case of Base Rate Committed Loans, ratably prepay such Loans in whole or in part, in minimum amounts of $5,000,000 or any multiple of $1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of Committed Loans to be prepaid. The Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment. If such notice is given by the Company, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest thereon to each such date on the amount prepaid and any amounts required pursuant to Section 3.04; *provided* that if the Company shall fail to make any such payment on the date specified therein, such failure shall not constitute an Event of Default hereunder, and if the Committed Loan is a Base Rate Committed Loan such Loan shall continue as if such prepayment notice had not been given, and if the Committed Loan is an Offshore Rate Loan such Loan shall be automatically converted to a Base Rate Committed Loan as of the date specified in such notice.

2.09 *Mandatory Prepayments.*

(a) *Asset Sales and Insurance Proceeds.* Upon (1) the consummation of any Asset Sale (other than Asset Sales permitted under Section 7.02(a) and (c)) by the Company or any Subsidiary of the Company or (2) except as set forth in the second sentence of this clause (a), the receipt by the Company or any of its Subsidiaries of proceeds from insurance in connection with any property loss or casualty ("Loss Proceeds"), and in each case, within five (5) Business Days after the Company's or any of its Subsidiaries' (x) receipt of any Net Cash Proceeds from any such Asset Sale or any such Loss Proceeds, or (y) conversion to cash or cash equivalents of non-cash proceeds (whether principal or interest and including securities, release of escrow arrangements or lease payments) received from any Asset Sale, in an aggregate amount in excess of $5,000,000 for all such Net Cash Proceeds and Loss Proceeds received in connection with any Asset Sale (or series of related Asset Sales) or event giving rise to Loss Proceeds or $20,000,000 in the aggregate for all such events, the Company shall make a mandatory prepayment of the Obligations, and the Aggregate Commitment shall be deemed to be automatically and permanently reduced on a dollar-for-dollar basis, in an amount equal to one hundred percent (100%) of such excess Net Cash Proceeds or Loss Proceeds or such proceeds converted from non-cash to cash or Cash Equivalent Investments. Unless a Default or Event of Default shall have occurred and is continuing, in the event that the Company shall have given the Agent written notice within thirty (30) days after an event giving rise to Loss Proceeds of its intention to replace the assets or use such Loss Proceeds, as applicable, to acquire other like-kind assets within 270 days following the receipt of such Loss Proceeds, then such Loss Proceeds shall not be subject to, or included in the calculations required under, the provisions of the first sentence of this clause (a) unless and to the extent that such applicable period shall have expired without such replacement having been made.

(b) *Financings.* Upon the consummation of any Financing (other than a Permitted Indebtedness Financing) by the Company or any Subsidiary of the Company, within three (3) Business Days after the Company's or any of its Subsidiaries' receipt of any Net Cash Proceeds from such Financing, the Company shall make a mandatory prepayment of the Obligations, and the Aggregate Commitment shall be deemed to be automatically and permanently reduced on a dollar-for-dollar basis, in an amount equal to one hundred percent (100%) of such Net Cash Proceeds.

(c) *Application and Priority of Prepayments.* With respect to the reduction of the Loans on any date, mandatory prepayments pursuant to clauses (a) and (b) above shall first be applied to Base Rate Loans and to any Offshore Rate Loans maturing on such date and then to subsequently maturing Offshore Rate Loans in order of maturity. Prior to the occurrence of a Default or an Event of Default, at the Company's option, the Agent shall hold all mandatory prepayments made pursuant to clauses (a) and (b) above in respect of Offshore Rate Loans in escrow in an interest-bearing account for the benefit of the Banks and shall release such amounts upon the expiration of the Interest Periods applicable to any such Offshore Rate Loans being prepaid (it being understood that (i) interest shall continue to accrue on the Obligations until such time as such prepayments are released from escrow and applied to reduce the Obligations, and (ii) interest accrued on deposits held in such interest-bearing account shall be for the account of the Company).

2.10 *Repayment.* In addition to the payments required pursuant to Section 2.09, the Company shall repay to the Banks on the Termination Date the aggregate principal amount of Loans outstanding on such date. The Company shall repay each Offshore Rate Loan on the last day of the relevant Interest Period.

2.11 *Interest.*

(a) Each Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the LIBO Rate or the Base Rate, as the case may be (and subject to the Company's right to convert to other Types of Loans under Section 2.04).

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Committed Loans (except in the case of a Base Rate Committed Loan, as to which such interest shall be paid on the next Interest Payment Date) under Section 2.08 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof.

(c) Notwithstanding subsection (a) of this Section, after acceleration or the occurrence and continuation of an Event of Default under Section 8.01(a) or (c), or commencing five (5) days after the occurrence and continuation of any other Event of Default, the Company shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Obligations, at a rate per annum which is determined by adding 2% per annum to the Applicable Margin then in effect for such Loans and, in the case of Obligations not subject to an Applicable Margin, at a rate per annum equal to the Base Rate plus 2%; *provided*, *however*, that, on and after the expiration of any Interest Period applicable to any Offshore Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, after the expiration of such Interest Period and during the continuation of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus 2%. Interest payable under this subsection 2.11(c) shall be payable on demand by the Majority Banks.

(d) Anything herein to the contrary notwithstanding, the obligations of the Company to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Company shall pay such Bank interest at the highest rate permitted by applicable law.

2.12 *Commitment Fee.* The Company shall pay to the Agent for the account of each Bank a commitment fee (the "*Commitment Fee*") on the average daily aggregate unused Commitments of the Banks, computed on a quarterly basis in arrears on the last Business Day of each calendar quarter,

equal to the Applicable Fee Rate. Such Commitment Fee shall accrue from the Closing Date to the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter commencing on June 30, 2004 through the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full, with the final payment to be made on the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full; *provided* that, in connection with any reduction or termination of Commitments under Section 2.07, the accrued Commitment Fee calculated for the period ending on such date shall also be paid on the date of such reduction or termination, with the following quarterly payment being calculated on the basis of the period from such reduction or termination date to such quarterly payment date. The Commitment Fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article IV are not met.

2.13 *Computation of Fees and Interest.*

(a) All computations of interest for Base Rate Committed Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of interest and fees shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Company and the Banks in the absence of manifest error. The Agent will, at the request of the Company or any Bank, deliver to the Company or the Bank, as the case may be, a statement showing the quotations used by the Agent in determining any interest rate.

(c) The Agent will, with reasonable promptness, notify the Company and the Banks of each determination of the LIBO Rate; *provided* that any failure to do so shall not relieve the Company of any liability hereunder or provide the basis for any Event of Default or any claim against the Agent. Any change in the interest rate payable on the Offshore Rate Loans or in the Commitment Fees payable under Section 2.12 resulting from a change in the Company's senior unsecured long-term debt ratings shall become effective and shall apply to any such Loans then outstanding or to such fees as of the opening of business on the day on which such change in the Company's debt ratings becomes effective. The Agent will with reasonable promptness notify the Company and the Banks of the effective date and the amount of each such change, *provided* that any failure to do so shall not relieve the Company of any liability hereunder or provide the basis for any Event of Default or any claim against the Agent.

2.14 *Payments by the Company.*

(a) All payments to be made by the Company shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Company shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 12:00 noon (Chicago time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Agent later than 12:00 noon (Chicago time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Agent receives notice from the Company prior to the date on which any payment is due to the Banks that the Company will not make such payment in full as and when required, the Agent may assume that the Company has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.15 *Payments by the Banks to the Agent.*

(a) Unless the Agent receives notice from a Bank on or prior to the Funding Date or, with respect to any Borrowing after the Funding Date, prior to 11:00 a.m. (Chicago time) on the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Agent for the account of the Company the amount of that Bank's Loan comprising a Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the Borrowing Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent in immediately available funds and the Agent in such circumstances has made available to the Company such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the Borrowing Date, the Agent will notify the Company of such failure to fund and, upon demand by the Agent, the Company shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Committed Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Committed Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Committed Loan to be made by such other Bank on any Borrowing Date.

2.16 *Sharing of Payments, Etc.* If, other than as expressly provided in Section 3.08 or 10.08 hereof, any Bank shall obtain on account of the Committed Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Committed Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; *provided*, *however*, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable

by the purchasing Bank in respect of the total amount so recovered. The Company agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.09) with respect to such participation as fully as if such Bank were the direct creditor of the Company in the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 *Taxes.*

(a) Subject to subsection 3.01(f), any and all payments by the Company to each Bank or the Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Company shall pay all Other Taxes.

(b) Subject to subsection 3.01(f), the Company agrees to indemnify and hold harmless each Bank and the Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Bank or the Agent and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Agent makes written demand therefor. If the Company in good faith determines that any such Taxes or Other Taxes for which indemnification has been sought hereunder are not due or owing or otherwise correctly assessed, the Bank or Agent at the request of the Company, or the Company at the election of the Bank or Agent following any such request, in either case at the expense of the Company, shall by appropriate means file for a refund or otherwise contest the payment of such Taxes or Other Taxes, provided that any such filing or contest does not result in any penalty, lien or other liability to the Bank or Agent for which the Company has not provided a satisfactory undertaking to indemnify and hold the Bank or Agent harmless. The Bank and the Agent agree to provide reasonable cooperation to the Company in connection with any such filing or contest, at the Company's expense and, if the Company has paid any such Tax or Other Tax or compensated the Bank or Agent with respect thereto, any refund thereof shall belong and be remitted to the Company.

(c) If the Company shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then, subject to subsection 3.01(f):

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Company shall make such deductions and withholdings;

(iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Company shall also pay to each Bank or the Agent for the account of such Bank, at the time interest is paid, all additional amounts which the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by the Company of Taxes or Other Taxes, the Company shall furnish the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.

(e) Each Bank which is a foreign person (i.e., a person other than a United States person for United States Federal income tax purposes) agrees that:

(i) it shall, no later than the Closing Date (or, in the case of a Bank which becomes a party hereto pursuant to Section 10.08 after the Closing Date, the date upon which the Bank becomes a party hereto) deliver to the Company through the Agent two accurate and complete signed originals of Internal Revenue Service Form W-8 BEN or any successor thereto ("Form W-8 BEN"), or two accurate and complete signed originals of Internal Revenue Service Form W-8 ECI or any successor thereto ("Form W-8 ECI"), as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(ii) if at any time the Bank makes any changes necessitating a new Form W-8 BEN or Form W-8 ECI, it shall with reasonable promptness deliver to the Company through the Agent in replacement for, or in addition to, the forms previously delivered by it hereunder, two accurate and complete signed originals of Form W-8 BEN; or two accurate and complete signed originals of Form W-8 ECI, as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(iii) it shall, before or promptly after the occurrence of any event (including the passing of time) requiring a change in or renewal of the most recent Form W-8 BEN or Form W-8 ECI previously delivered by such Bank, deliver to the Company through the Agent two accurate and complete original signed copies of Form W-8 BEN or Form W-8 ECI in replacement for the forms previously delivered by the Bank; and

(iv) it shall, promptly upon the Company's or the Agent's reasonable request to that effect, deliver to the Company or the Agent (as the case may be) such other forms or similar documentation as may be required from time to time by any applicable law, treaty, rule or regulation in order to establish such Bank's tax status for withholding purposes.

(f) The Company will not be required to indemnify, hold harmless or pay any additional amounts in respect of United States Federal income tax pursuant to subsection 3.01(c) to any Bank for the account of any Lending Office of such Bank:

(i) if the obligation to indemnify, hold harmless or pay such additional amounts would not have arisen but for a failure by such Bank to comply with its obligations (if any) under subsection 3.01(e) in respect of such Lending Office;

(ii) if such Bank shall have delivered to the Company a Form W-8 BEN in respect of such Lending Office pursuant to subsection 3.01(e), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or in the official interpretation of such law or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8 BEN; or

(iii) if the Bank shall have delivered to the Company a Form W-8 ECI in respect of such Lending Office pursuant to subsection 3.01(e), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of

payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8 ECI.

(g) If the Company is required to pay additional amounts to any Bank or the Agent pursuant to subsection (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Company which may thereafter accrue, if such change in the judgment of such Bank is not otherwise disadvantageous to such Bank.

(h) Each Bank agrees to promptly notify the Company of the first written assessment of any Taxes payable by the Company hereunder which is received by such Bank, *provided* that failure to give such notice shall not in any way prejudice the Bank's rights under Section 3.01 hereof. The Company shall not be obligated to pay any Taxes under Section 3.01 which are assessed against any Bank if the statute of limitations applicable thereto (as same may be extended from time to time by agreement between such Bank and the relevant Governmental Authority) has lapsed. Additionally, the Company shall not be obligated to pay any penalties, interest, additions to tax or expenses with respect to any final assessment of Taxes against any Bank (i) unless such Bank shall have first notified the Company in writing of such final assessment, and (ii) which are attributable to periods exceeding 90 days prior to the date of receipt by the Company of such notice.

3.02 *Illegality.*

(a) If any Bank determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by the Bank to the Company through the Agent, any obligation of that Bank to make additional Offshore Rate Loans shall be suspended until the Bank notifies the Agent and the Company that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Offshore Rate Loan, the Company shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 3.04, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If the Company is required to so prepay any Offshore Rate Loan, then concurrently with such prepayment, the Company shall borrow from the affected Bank, and the affected Bank shall lend to the Company, in the amount of such repayment, a Base Rate Committed Loan.

(c) If the obligation of any Bank to make or maintain Offshore Rate Loans has been so terminated or suspended, the Company may elect, by giving notice to the Bank through the Agent that all Loans which would otherwise be made by the Bank as Offshore Rate Loans shall be instead Base Rate Committed Loans.

(d) Before giving any notice to the Agent under this Section, the affected Bank shall designate a different Lending Office with respect to its Offshore Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Bank, be illegal or otherwise disadvantageous to the Bank in such Bank's reasonable judgment.

3.03 *Increased Costs and Reduction of Return.*

(a) If any Bank determines that, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the Closing Date or (ii) the compliance by that Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) after the Closing Date, there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans, then the Company shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If any Bank shall have determined that (i) the introduction after the Closing Date of any Capital Adequacy Regulation, (ii) any change after the Closing Date in any Capital Adequacy Regulation, (iii) any change after the Closing Date in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any change in any Capital Adequacy Regulation after the Closing Date, affects the amount of capital required to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment, loans, credits or obligations under this Agreement, then, upon demand of such Bank to the Company through the Agent, the Company shall pay to the Bank, from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase.

(c) The Company shall not be obligated to pay any amounts under subsection 3.03(a) or (b) to any Bank (i) unless such Bank shall have first notified the Company in writing that it intends to seek compensation from the Company pursuant to such subsection, and (ii) which are attributable to periods exceeding 90 days prior to the date of receipt by the Company of such notice.

3.04 *Funding Losses.* The Company shall reimburse each Bank and hold each Bank harmless from any direct loss or expense (but excluding any consequential loss or expense) which the Bank may sustain or incur as a consequence of:

(a) the failure of the Company to make on a timely basis any payment required hereunder of principal of any Offshore Rate Loan;

(b) the failure of the Company to borrow, continue or convert a Committed Loan after the Company has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) the failure of the Company to make any prepayment of any Committed Loan in accordance with any notice delivered under Section 2.08;

(d) the prepayment (including pursuant to Sections 2.08) or payment after acceleration thereof following an Event of Default of any Offshore Rate Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under the proviso contained in Section 2.04(a) or under the proviso contained in Section 2.08 of any Offshore Rate Loan to a Base Rate Committed Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Company to the Banks under this Section and under subsection 3.03(a), each Offshore Rate Loan made by a Bank (and each related

reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBO Rate by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Loan is in fact so funded.

3.05 *Inability to Determine Rates.* If the LIBO Rate applicable pursuant to subsection 2.11(a) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to the Banks of funding such Loan, the Agent will promptly so notify the Company and each Bank. Thereafter, the obligation of the Banks to make additional Offshore Rate Loans hereunder shall be suspended until the Agent upon the instruction of the Majority Banks revokes such notice in writing. Upon receipt of such notice, the Company without cost or expense may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Company does not revoke such Notice, the Banks shall make, convert or continue the Committed Loans, as proposed by the Company, in the amount specified in the applicable notice submitted by the Company, but such Committed Loans shall be made, converted or continued as Base Rate Committed Loans instead of Offshore Rate Loans.

3.06 *Reserves on Offshore Rate Loans.* The Company shall pay to each Bank, as long as such Bank shall be required under regulations of the FRB to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Offshore Rate Loan equal to the actual costs of such reserves allocated to such Committed Loan by the Bank (as reasonably determined by the Bank), payable on each date on which interest is payable on such Committed Loan, provided the Company shall have received at least 30 days' prior written notice (with a copy to the Agent) of such additional interest from the Bank. If a Bank fails to give notice 30 days prior to the relevant Interest Payment Date, such additional interest shall be payable 30 days from receipt of such notice. No Bank shall be entitled to additional interest under this Section 3.06 accruing more than 90 days prior to the date of receipt by the Company of notice requesting payment thereof.

3.07 *Certificates of Banks.* Any Bank claiming reimbursement or compensation under this Article III shall deliver to the Company (with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to the Bank hereunder and such certificate shall be conclusive and binding on the Company in the absence of manifest error unless the Company shall have notified such Bank of its objection to such certificate (with a copy to the Agent) within 30 days of the Company's receipt of such claim.

3.08 *Substitution of Banks.* Upon the receipt by the Company from any Bank (an "*Affected Bank*") of a claim for compensation under Section 3.01, 3.02 or 3.03, the Company may: (i) request the Affected Bank to use its reasonable efforts to obtain a replacement bank or financial institution satisfactory to the Company and the Agent and meeting the qualifications of an Eligible Assignee to acquire and assume all or a ratable part of all of such Affected Bank's Committed Loans and Commitment (a "*Replacement Bank*"); (ii) request one or more of the other Banks to acquire and assume all or part of such Affected Bank's Committed Loans and Commitment (but no other Bank shall be required to do so); or (iii) designate a Replacement Bank. Any such designation of a Replacement Bank under clause (i) or (iii) shall be subject to the prior written consent of the Agent (which consent shall not be unreasonably withheld). Any transfer arising under this Section 3.08 shall comply with the requirements of Section 10.08 and on the date of transfer the Affected Bank shall be entitled to all sums payable to it hereunder on such date including, outstanding principal, accrued interest and fees, and other sums (including amounts payable under Section 3.04(d)) arising under the provisions of this Agreement with reference to such Committed Loans.

3.09 *Survival.* The agreements and obligations of the Company in this Article III shall survive the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.01 *Conditions to Effectiveness of this Agreement.* This Agreement shall become effective when the Agent shall have received on or before the Closing Date all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) *Credit Agreement; Notes*. This Agreement (and, if requested, Notes for each such requesting Bank) properly executed;

(b) *Resolutions; Incumbency*.

(i) Copies of the resolutions of the board of directors (or appropriate committee thereof) of the Company authorizing the transactions contemplated hereby (including the Merger and the Tender Offer), certified as of the Closing Date by the Secretary, Assistant Secretary or other appropriate officer of the Company; and

(ii) A certificate of the Secretary, Assistant Secretary or other appropriate officer of the Company certifying the names and true signatures of the officers of the Company authorized to execute, deliver and perform, this Agreement, and all other Loan Documents to be delivered by it hereunder;

(c) *Organization Documents; Good Standing*. Each of the following documents:

(i) the articles or certificate of incorporation and the bylaws of the Company as in effect on the Closing Date, certified by the Secretary, Assistant Secretary or other appropriate officer of the Company as of the Closing Date; and

(ii) a good standing certificate dated within five (5) days of the Closing Date for the Company from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation;

(d) *Legal Opinions*. Opinion letters from each of Anthony C. Scarfone, General Counsel to the Company and Dorsey & Whitney LLP, special counsel to the Company, addressed to the Agent and the Banks, containing opinions substantially in the forms of *Exhibit E-1* and *E-2*, respectively;

(e) *Payment of Fees*. Evidence of payment by the Company of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, including any such costs, fees and expenses arising under or referenced in Section 2.12;

(f) *Certificate*. A certificate signed on behalf of the Company by the Company's chief executive officer, chief financial officer or treasurer, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists or would result from the initial Borrowing; and

(iii) there has occurred since December 31, 2003, no event or circumstance that has resulted or would reasonably be expected to result in a material adverse change in, or material adverse effect upon, the financial condition of the Company and its Subsidiaries taken as a whole; and

(g) *Form U-1*. A Form FR U-1, duly executed and delivered by the Company, for each bank demonstrating the compliance with Regulations U and X of the FRB.

(h) *Other Documents*. Such other approvals, opinions, documents or materials as the Agent or any Bank may reasonably request.

4.02 *Conditions to Initial Loans*. The obligation of each Bank to make its initial Committed Loan hereunder is subject to and shall become effective when:

(a) the Agent shall have received on or before the date that is 120 days after the commencement of the Tender Offer all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(i) *Legal Opinions*. Opinion letters from each of Anthony C. Scarfone, General Counsel to the Company and Dorsey & Whitney LLP, special counsel to the Company, addressed to the Agent and the Banks, containing opinions substantially in the forms of *Exhibit E-3* and *E-4*, respectively;

(ii) *Officer's Closing Certificate*. A certificate signed on behalf of the Company by the Company's chief executive officer, chief financial officer or treasurer, dated as of the Funding Date, stating that:

(A) the Target's directors shall have approved the Merger Agreement and the Company's directors shall have approved the Merger and the Tender Offer;

(B) all regulatory and legal consents and approvals for the Merger and the Tender Offer shall have been obtained and all waiting periods with respect thereto shall have expired;

(C) there exists no injunction or temporary restraining order which would prohibit the making of the loans or the consummation of the Merger or the Tender Offer or the transactions contemplated by this Agreement; and there exists no litigation which would reasonably be expected to result in a material adverse effect on the financial condition of the Company and its Subsidiaries (after giving effect to the Merger and the Tender Offer) taken as a whole;

(D) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(E) no Default or Event of Default exists or would result from the initial Borrowing; and

(F) there has occurred since December 31, 2003, no event or circumstance that has resulted or would reasonably be expected to result in a material adverse change in, or material adverse effect upon, the financial condition of the Company and its Subsidiaries (after giving effect to the Merger and the Tender Offer) taken as a whole;

(iii) *Pro Forma Statements*. (A) Pro forma opening financial statements for the Company (the "Pro Forma Opening Statements") giving effect to the Tender Offer and the Merger as of the last day of the twelve-month period ending on the last day of the most recently completed fiscal quarter ending immediately prior to the Merger, and (B) projections (the "Updated Projections") updating the projections (the "Earlier Projections") previously provided to the Agent on or about May 8, 2004, together with such information as the Agent may reasonably request to confirm the tax, legal, and business assumptions made in such Pro Forma Opening Statements and Updated Projections; and the Pro Forma Opening Statements and Updated Projections must demonstrate, in the reasonable judgement of the Agent, together with all other information then available to the Agent, that the ability of the Company to repay its debts and liabilities as they become due and to comply with the financial covenants acceptable to the Agent has not changed in any material respect from the Earlier Projections;

(iv) *Solvency Certificate*. A certificate from the chief financial officer of the Company and other appropriate factual information in form and substance satisfactory to them supporting the conclusions that after giving effect to the Tender Offer and the Merger, the Company and its Subsidiaries on a consolidated basis is Solvent and will be Solvent subsequent to incurring the indebtedness in connection with the Tender Offer and the Merger, will be able to pay its debts and liabilities as they become due and will not be left with unreasonably small capital with which to engage in its businesses;

(v) *Existing Target Debt Facilities*. Evidence satisfactory to the Agent that the Existing Target Debt Facilities shall have been or shall simultaneously on the Funding Date be terminated (except for those provisions that expressly survive the termination thereof), all loans outstanding and other amounts owed to the lenders or agents thereunder shall have been, or shall simultaneously with the initial Advance hereunder, be paid in full, and all liens and security interests granted in connection therewith shall have been or shall simultaneously on the Funding Date be terminated; *provided*, *however*, that the Company may elect in its sole discretion not to terminate and prepay the Existing Target Debt Facilities described in clauses (ii) and (iii) of the definition thereof and existing as of the Funding Date and, in such case, the Banks' Commitments shall be automatically reduced on a ratable basis immediately prior to making the initial Loan hereunder on the Funding Date in an amount equal to the outstanding principal amount of such Existing Target Debt Facilities remaining outstanding, as described in Section 2.07; and

(vi) *Other Documents*. Such other approvals, opinions, documents or materials as the Agent or any Bank may reasonably request;

(b) No fact or circumstance shall have come to the attention of the Agent after May 14, 2004 concerning the Company and its Subsidiaries, which fact or circumstance meets each of the following requirements: (i) such fact or circumstance was in existence at the time that the Agent conducted its due diligence, (ii) such fact or circumstance is materially inconsistent with the results of the due diligence conducted by the Agent, and (iii) such fact or circumstance represents a material adverse change from the financial condition of the Company and its Subsidiaries, taken as a whole, as indicated by the results of such due diligence;

(c) All financial, accounting, and tax aspects of the Merger must be reasonably acceptable to the Agent;

(d) The Company shall have delivered to the Agent a duly executed officer's certificate stating that (i) all conditions precedent to the consummation of the Tender Offer shall have been satisfied or waived (with prior written notice of any waiver to the Agent); (ii) the number of the Target's shares being validly tendered to Acquisition Corp. and not properly withdrawn prior to the expiration of the Tender Offer shall represent not less than (x) 67% of the common stock of the Target and (y) the minimum number of shares, determined on a fully diluted basis, necessary to effectuate the Merger pursuant to any applicable provision of state or federal law, including, without limitation any anti-takeover statute, or provision in the Target's articles of incorporation, by laws, or other constitutive documents; and (iii) no "fair price", "moratorium", "business combination", "control share acquisition" or other form of anti-takeover statute, regulation, charter or by-law provision, is or shall become applicable to the Tender Offer or Merger upon consummation or implementation thereof which would cause or is likely to cause a material adverse change in, or have a material adverse effect upon, the financial condition of the Company and its Subsidiaries taken as a whole, unless such provision has been rescinded or is otherwise inapplicable to the Tender Offer and the Merger;

(e) The Company, Acquisition Corp. and Target shall have entered into the Merger Agreement; the Company shall have provided to the Agent a true and correct copy of the Merger

Agreement and all amendments thereto, and notified the Agent of all material waivers of any material provisions or requirements of the Merger Agreement and material breaches or defaults occurring thereunder; and

(f) The Agent shall be reasonably satisfied that there is no legal (including tax implications) or regulatory matters that would be reasonably expected to have a material adverse effect on the financial condition of the Company and its Subsidiaries, taken as a whole.

4.03 *Conditions to All Borrowings.* The obligation of each Bank to make any Committed Loan (including the initial Committed Loan) to be made by it, or to continue or convert any Committed Loan under Section 2.04 is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date or Conversion/Continuation Date:

(a) *Notice of Borrowing or Conversion/Continuation*. As to any Committed Loan, the Agent shall have received (with, in the case of the initial Loan only, a copy for each Bank) a Notice of Borrowing or a Notice of Conversion/Continuation, as applicable;

(b) *Continuation of Representations and Warranties*. The representations and warranties in Article V (excluding those contained in Section 5.11(c)) shall be true and correct on and as of such Borrowing Date or Conversion/Continuation Date with the same effect as if made on and as of such Borrowing Date or Conversion/Continuation Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date);

(c) *No Existing Default*. No Default or Event of Default shall exist or shall result from such Borrowing or continuation or conversion; and

(d) *Regulation U*. At any time the capital stock of the Target shall constitute Margin Stock, to the extent required by applicable law, each Bank shall have received an amendment to the Form FR U-1 previously delivered to such Bank pursuant to Section 4.01(g), which amendment shall contain a current list of collateral (as such term is used in Regulation U of the FRB) which adequately supports all credit extended under this Agreement in accordance with the provisions of Section 221.3(c)(2(iv) of Regulation U of the FRB; *provided* that it is understood and agreed that each of the Banks shall accept as sufficient for purposes of Regulation U of the FRB the results of an analysis of such collateral (as such term is used in Regulation U of the FRB) and adequate support that is prepared on the same basis as the analysis conducted by such Bank as of the Closing Date in the form provided to the Company unless such Bank shall have received information after the Closing Date (including, without limitation, any introduction of or any change in or in the interpretation of any law or regulation after the Closing Date or compliance by such Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) after the Closing Date, or any change in the financial information constituting the basis of such analysis) that shall require, as determined in the sole discretion of such Bank, the modification of such analysis conducted as of the Closing Date.

Each Notice of Borrowing and Notice of Conversion/Continuation submitted by the Company hereunder shall constitute a representation and warranty by the Company hereunder, as of the date of each such notice or request and as of each Borrowing Date or Conversion/Continuation Date, as applicable, that the conditions in Sections 4.02 and 4.03 are satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Agent and each Bank that:

5.01 *Corporate Existence and Power.* The Company and each of its Material Subsidiaries:

(a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business (except where the failure to have any such governmental license, authorization, consent or approval would not reasonably be expected to have a Material Adverse Effect) and as to the Company and Acquisition Corp. only, to execute, deliver, and perform its obligations under, and if necessary file with any applicable Governmental Authority, the Transaction Documents;

(c) is duly qualified as a foreign corporation and is licensed and in good standing under the laws of each jurisdiction except where the failure to so qualify or to be so licensed or in good standing would preclude it from enforcing its rights with respect to any of its assets or expose it to any liability and which, in either case, would reasonably be expected to have a Material Adverse Effect; and

(d) is in all material respects in compliance with the Requirements of Law except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

5.02 *Corporate Authorization; No Contravention.* The execution, delivery and performance by the Company of this Agreement and each other Transaction Document to which the Company or any Subsidiary is party, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of the Company's or such Subsidiary's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which the Company or such Subsidiary is a party or any order, injunction, writ or decree of any Governmental Authority to which the Company or such Subsidiary or its respective property is subject except where such conflict, breach, contravention or Lien would not reasonably be expected to have a Material Adverse Effect; or

(c) violate any Requirement of Law.

5.03 *Governmental Authorization.* No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority, which has not been obtained by the Company and its Subsidiaries, is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, the Company or any of its Subsidiaries of the Agreement or any other Transaction Document or (b) from and after the Funding Date, the Tender Offer or the Merger.

5.04 *Binding Effect.* This Agreement and each other Transaction Document to which the Company or any of its Subsidiaries is a party constitute the legal, valid and binding obligations of the Company or such Subsidiary, as applicable, enforceable against the Company or such Subsidiary, as applicable, in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.05 *Litigation.* Except as specifically disclosed in *Schedule 5.05*, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the Company, or its Subsidiaries or any of their respective properties which:

(a) purport to affect or pertain to this Agreement or any other Transaction Document, or any of the transactions contemplated hereby or thereby; or

(b) would reasonably be expected to have a Material Adverse Effect.

No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Transaction Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.06 *No Default.* At the Closing Date and at the time of any Borrowing, no Default or Event of Default exists or would result from the incurring of any Obligations by the Company. As of the Closing Date, neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under subsection 8.01(e).

5.07 *ERISA Compliance.* Except as specifically disclosed in *Schedule 5.07*:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law except where non-compliance would not reasonably be expected to result in a Material Adverse Effect. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or, if otherwise, the failure to apply for or receive a favorable determination letter would not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Company, nothing has occurred which would cause the loss of qualification the effect of which would reasonably be expected to result in a Material Adverse Effect. The Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan when the failure to make such contribution or when such application or extension would reasonably be expected to result in a Material Adverse Effect.

(b) There are no pending or, to the best knowledge of Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA that, in the case of any of clauses (i) through (v), would reasonably be expected to result in a Material Adverse Effect.

5.08 *Use of Proceeds; Margin Regulations.* The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 6.12 and Section 7.05. Except in connection with the Tender Offer, neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

5.09 *Title to Properties.* The Company and each Subsidiary have good record and marketable title in fee simple to, or to their knowledge valid leasehold interests in, all real property necessary for the ordinary conduct of their respective businesses, except for such defects in title as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. As of the Closing Date, the property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 *Taxes.* The Company and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP or where failure to file such return or to pay any such tax would not reasonably be expected to have a Material Adverse Effect. There is no proposed tax assessment against the Company or any Subsidiary that would, if made, have a Material Adverse Effect.

5.11 *Financial Condition.*

(a) The audited consolidated financial statements of the Company and its Subsidiaries dated December 31, 2003, and the unaudited consolidated financial statements dated March 31, 2004, and the related consolidated statements of income or operations, balance sheet and cash flows for the fiscal year or the fiscal quarter, respectively, ended on that date:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments in the case of such unaudited statements;

(ii) fairly present the financial condition of the Company and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) show all material Indebtedness and other liabilities, direct or contingent, of the Company and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations except for Indebtedness and other liabilities, the existence of which would not have a Material Adverse Effect.

(b) To the best knowledge of the Company based on the representations and warranties made by the Target in the Merger Agreement, the audited consolidated financial statements of the Target and its Subsidiaries dated June 30, 2003, and the unaudited consolidated financial statements dated March 31, 2004, and the related consolidated statements of income or operations, balance sheet and cash flows for the fiscal year or the fiscal quarter, respectively, ended on that date:

(i) were prepared in accordance with GAAP in all material respects and consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments in the case of such unaudited statements;

(ii) fairly present the financial condition of the Target and its Subsidiaries taken as a whole as of the date thereof and results of their operations taken as a whole for the period covered thereby; and

(iii) show all material Indebtedness and other liabilities, direct or contingent, of the Target and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations except for Indebtedness and other liabilities, the existence of which would not have a Material Adverse Effect.

(c) Since December 31, 2003, there has been no Material Adverse Effect.

5.12 *Environmental Matters.* The Company conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Company has reasonably concluded that, except as specifically disclosed in *Schedule 5.12*, such Environmental Laws and Environmental Claims would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.13 *Regulated Entities.* None of the Company, any Person controlling the Company, or any Subsidiary, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Company is not subject to any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

5.14 *No Burdensome Restrictions.* Neither the Company nor any Subsidiary is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document, or any Requirement of Law, which would reasonably be expected to have a Material Adverse Effect.

5.15 *Copyrights, Patents, Trademarks and Licenses, etc.* Except as disclosed in Schedule 5.15, the Company or its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person except where the failure to own, be licensed to or otherwise have the right to use the same would not have a Material Adverse Effect. To the best knowledge of the Company, no material slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Subsidiary infringes upon any rights held by any other Person where any such infringement would reasonably be expected to have a Material Adverse Effect. Except as specifically disclosed in *Schedule 5.05*, no claim or litigation regarding any of the foregoing is pending or to the knowledge of the Company threatened, which would reasonably be expected to have a Material Adverse Effect.

5.16 *Subsidiaries.* As of the Closing Date, the Company has no Subsidiaries other than those specifically disclosed in part (a) of *Schedule 5.16* hereto and has no material equity investments in any other corporation or entity other than those specifically disclosed in part (b) of *Schedule 5.16*.

5.17 *Insurance.* The properties of the Company and its Subsidiaries are insured with financially sound and reputable insurance or reinsurance companies, in such amounts, with such deductibles and covering such risks as are believed by the Company to be adequate in the exercise of its reasonable business judgment.

5.18 *Full Disclosure.* None of the representations or warranties made by the Company or any of its Subsidiaries in the Transaction Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, financial report or statements or certificate furnished by or on behalf of the Company in connection with the Transaction Documents, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

5.19 *Reportable Transaction.* The Company does not intend to treat the Loans and related transactions as being a "reportable transaction" (within the meaning of the Treasury Regulation

Section 1.6011-4). In the event the Company determines to take any action inconsistent with such intention, it will promptly notify the Agent thereof.

5.20 *Solvency.* After giving effect to the (i) Loans to be made on the Funding Date or such other date as Loans requested hereunder are made, (ii) the payment and accrual of all transaction costs with respect to the Tender Offer, the Merger and the Transaction Documents, and (iii) the funding of the Tender Offer, the Company and its Subsidiaries taken as a whole are Solvent.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation (other than indemnification) shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

6.01 *Financial Statements.* The Company shall deliver to the Agent, in form and detail reasonably satisfactory to the Agent, with sufficient copies for each Bank:

(a) as soon as available, but not later than the date which is the earlier of (x) 120 days after the end of each fiscal year or (y) five (5) Business Days after the delivery of the following financial statements to the SEC, a copy of the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of such year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of PriceWaterhouseCoopers LLP or another nationally-recognized independent public accounting firm ("*Independent Auditor*") which report shall state that such consolidated financial statements present fairly, in all material respects, the financial position for the periods indicated in conformity with GAAP. Such opinion shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Subsidiary's records; and

(b) as soon as available, but not later than 60 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified on behalf of the Company by a Responsible Officer as fairly presenting, in all material respects and in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and its consolidated Subsidiaries.

6.02 *Certificates; Other Information.* The Company shall furnish to the Agent, with sufficient copies for each Bank:

(a) concurrently with the delivery of the financial statements referred to in subsections 6.01(a) and (b), a Compliance Certificate executed by a Responsible Officer on behalf of the Company which certifies that no Default or Event of Default has occurred and is continuing (except as described therein);

(b) promptly, copies of all financial statements and reports that the Company sends to its shareholders, and copies of all financial statements and regular, periodical or special reports (including Forms 10K, 10Q and 8K) that the Company or any Subsidiary may make to, or file with, the SEC; and

(c) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Agent, at the request of any Bank, may from time

to time reasonably request and which materially relates to the ability of the Company to perform under this Agreement.

6.03 *Notices.* Upon obtaining knowledge of any event described below, the Company shall promptly notify the Agent and each Bank:

(a) of the occurrence of any Default or Event of Default;

(b) of any of the following matters of which a Responsible Officer obtains knowledge that would result in a Material Adverse Effect: (i) breach or non-performance of, or any default under, a Contractual Obligation of the Company or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Company or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Company or any Subsidiary, including pursuant to any applicable Environmental Laws;

(c) of the occurrence of any of the following events affecting the Company or any ERISA Affiliate which would reasonably be expected to result in a Material Adverse Effect (but in no event more than 10 days after a Responsible Officer obtains knowledge of such event), and deliver to the Agent and each Bank a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a material increase in the Unfunded Pension Liability of any Pension Plan;

(iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by the Company or any ERISA Affiliate; or

(iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability;

(d) of any material change in accounting policies or financial reporting practices by the Company or any of its consolidated Subsidiaries which would reasonably be expected to materially affect the Company's consolidated financial reports;

(e) of any change in the Company's senior unsecured long-term debt ratings as publicly announced by either S&P or Moody's including placement of such ratings on watch status, *provided* that any failure by the Company to give notice of such change shall not affect the Company's payment obligations hereunder and such failure shall not constitute an Event of Default; and

(f) of any breach, default or waiver of any material term or provision of the Merger Agreement by the Company or any of its Subsidiaries or, upon the Company obtaining knowledge thereof, any other party thereto occurring on or prior to the Funding Date.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under subsection 6.03(a) shall describe with particularity any and all provisions of this Agreement or other Transaction Document (if any) that have been breached or violated.

6.04 *Preservation of Corporate Existence, Etc.* The Company shall, and shall cause each Material Subsidiary to:

(a) preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of incorporation;

(b) to the extent practicable, using reasonable efforts, preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except (x) when the non-preservation and non-maintenance of such rights, privileges, qualifications, permits, licenses or franchises would not reasonably be expected to have a Material Adverse Effect or (y) in connection with transactions permitted by Section 7.03 and sales of assets permitted by Section 7.02;

(c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill except when in the reasonable judgment of the Company it is not economical to do so or where the failure to do so would not reasonably be expected to have a Material Adverse Effect; and

(d) to the extent practicable, using reasonable efforts, preserve or renew all of its registered patents, trademarks, trade names and service marks, except when non-preservation or non-renewal of such patents, trademarks, trade names or service marks would not reasonably be expected to have a Material Adverse Effect.

6.05 *Maintenance of Property.* The Company shall maintain, and shall cause each Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear and casualty loss excepted and make all necessary repairs thereto and renewals and replacements thereof except when in the reasonable judgment of the Company it is not economical to do so or where the failure to do so would not reasonably be expected to have a Material Adverse Effect. The Company and each Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities except where the failure to do would not reasonably be expected to have a Material Adverse Effect.

6.06 *Insurance.* The Company shall maintain, and shall cause each Material Subsidiary to maintain, with financially sound and reputable insurers or independent reinsurers, insurance with respect to its properties and business against loss or damage of the kinds and in the amounts determined by the Company to be necessary or desirable in the exercise of its reasonable business judgment.

6.07 *Payment of Obligations.* The Company shall, and shall cause each Subsidiary to, pay and discharge as the same shall become due and payable, all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Subsidiary or unless the failure to pay or discharge would not have a Material Adverse Effect;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property except when the failure to pay or discharge would not have a Material Adverse Effect; and

(c) all Indebtedness, as and when due and payable (except for such Indebtedness which is contested by the Company or any Subsidiary in good faith or where the failure to pay or discharge would not reasonably be expected to result in a Material Adverse Effect), but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.08 *Compliance with Laws.* The Company shall comply, and shall cause each Subsidiary to comply, in all material respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist or where the failure to comply would not have a Material Adverse Effect.

6.09 *Compliance with ERISA.* The Company shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law except where non-compliance would not reasonably be expected to result in a Material Adverse Effect; and (b) make all required contributions to any Plan subject to Section 412 of the Code except where failure to make any contribution would not reasonably be expected to result in a Material Adverse Effect.

6.10 *Inspection of Property and Books and Records.* The Company shall maintain and shall cause each Material Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Company and such Subsidiary. Subject to reasonable safeguards to protect confidential information, the Company shall permit, and shall cause each Material Subsidiary to permit, representatives and independent contractors of the Agent to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and with respect to the Company but not its Subsidiaries to discuss their respective affairs, finances and accounts with the Company's directors, senior officers, and independent public accountants, all at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company. Such inspections and examinations described in the preceding sentence (i) by or on behalf of any Bank shall, unless occurring at a time when an Event of Default shall be continuing, be at such Bank's expense and (ii) by or on behalf of the Agent, other than the first such inspection or examination occurring during any calendar year or any inspections and examination occurring at a time when an Event of Default be continuing, shall be at the Agent's expense; all other such inspections and visitations shall be at the Company's expense and at any time during normal business hours and without advance notice.

6.11 *Environmental Laws.* The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws except where the failure to comply would not have a Material Adverse Effect.

6.12 *Use of Proceeds.* The Company shall use the proceeds of the Loans solely to finance the Tender Offer and the Merger and related fees and expenses and for commercial paper liquidity support.

ARTICLE VII

NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation (other than indemnification) shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

7.01 *Limitation on Liens.* The Company shall not, and shall not suffer or permit any Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following ("*Permitted Liens*"):

(a) any Lien existing on property of the Company or any Subsidiary on the Closing Date and set forth in *Schedule 7.01* or shown as a liability on the Company's consolidated financial statements as of June 30, 2002 securing Indebtedness outstanding on such date, *provided* that the aggregate amount of all such Indebtedness secured by all such Liens does not exceed $10,000,000;

(b) any Lien created under any Loan Document or under any "Loan Document" as defined in the Existing Credit Agreements;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.07, provided that no notice of lien has been filed or recorded under the Code;

(d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on the property of the Company or any of its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

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

(h) Liens on (i) assets of corporations which become Subsidiaries after the date of this Agreement, *provided*, *however*, that such Liens existed at the time the respective corporations became Subsidiaries, and (ii) any assets prior to the acquisition thereof by the Company or any Subsidiary and not created in contemplation of such acquisition, *provided*, *however*, that such Liens do not encumber any other property or assets;

(i) purchase money security interests on any property acquired or held by the Company or its Subsidiaries in the ordinary course of business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; *provided that* (i) any such Lien attaches to such property concurrently with or within 20 days after the acquisition thereof, (ii) such Lien attaches solely to the property so acquired in such transaction, and (iii) the principal amount of the Indebtedness secured thereby does not exceed 100% of the cost of such property;

(j) Liens securing obligations in respect of capital leases on assets subject to such leases;

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; *provided that* (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depository institution except in either case when such deposit accounts are established or required in the ordinary course of business and would not have a Material Adverse Effect;

(l) Any extensions, renewals or replacements of the Liens permitted by clauses (a), (f), (h), (i) and (j) above; and

(m) Notwithstanding the provisions of subsections 7.01(a) through (l), there shall be permitted Liens on property (including Liens which would otherwise be in violation of such subsections), *provided* that the sum of the aggregate Indebtedness of the Company and its Subsidiaries secured

by all Liens permitted under this subsection (m), excluding the Liens permitted under subsections (a) through (l), shall not exceed an amount equal to 15% of the Company's total consolidated assets as shown on its consolidated balance sheet for its most recent prior fiscal quarter.

7.02 *Disposition of Assets.* Except as otherwise permitted by any other provision of this Agreement, the Company shall not, and shall not suffer or permit any Material Subsidiary to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any property (including accounts and notes receivable, with or without recourse) (any such transaction being an "Asset Sale") or enter into any agreement to do any of the foregoing, except:

(a) dispositions of inventory, or used, worn-out or surplus equipment, all in the ordinary course of business;

(b) dispositions on reasonable commercial terms and for fair value or which would not have a Material Adverse Effect, provided that dispositions of the stock of any Material Subsidiary shall not be permitted under this subsection (b);

(c) dispositions of property between the Company and any consolidated Subsidiary or among consolidated Subsidiaries; and

(d) other dispositions of property during the term of this Agreement (excluding dispositions permitted under subsections 7.02(a) through (c)) whose net book value in the aggregate shall not exceed 25% of the Company's total consolidated assets as shown on its consolidated balance sheet for its most recent prior fiscal quarter.

7.03 *Consolidations and Mergers.* The Company shall not, and shall not suffer or permit any Material Subsidiary to, merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except:

(a) any Person may merge with the Company, provided that the Company shall be the continuing or surviving corporation;

(b) any Subsidiary may merge with the Company, provided that the Company shall be the continuing or surviving corporation, or with any one or more Subsidiaries, provided that if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation; and

(c) the Company or any Subsidiary may convey, transfer, lease or otherwise dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise), to the Company or another Wholly-Owned Subsidiary, as the case may be.

7.04 *Transactions with Affiliates.* The Company shall not, and shall not suffer or permit any Subsidiary to, enter into any transaction with any Affiliate (other than a Wholly-Owned Subsidiary) of the Company, except transactions (a) entered into in good faith and (b) upon commercially reasonable terms and taking into consideration the totality of circumstances pertaining to such transaction as determined by the Company.

7.05 *Use of Proceeds.* The Company shall not, and shall not suffer or permit any Subsidiary to, use any portion of the Loan proceeds, directly or indirectly, in a manner which violates any applicable Requirement of Law and which would have a Material Adverse Effect (*provided* that this Section 7.05 shall not be deemed to permit the use of Loan proceeds in violation of any Requirement of Law applicable to any Bank). Notwithstanding the foregoing, at no time shall more than 25% of the value (as determined by a method deemed reasonable for purposes of applicable regulations relating to Margin Stock) of the Company's assets consist of Margin Stock, unless the Company has taken all

necessary action so that in the event that more than 25% of the Company's assets consist of Margin Stock there shall occur no violation of any Requirement of Law applicable to it or any Bank.

7.06 *Restricted Payments.* The Company shall not, and shall not suffer or permit any Subsidiary (other than a Wholly-Owned Subsidiary) to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of its capital stock, or purchase, redeem or otherwise acquire for value any shares of its capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding; except that the Company or any non-Wholly-Owned Subsidiary may:

(a) declare and make dividend payments or other distributions payable solely in its common stock;

(b) purchase, redeem or otherwise acquire shares of its common stock or warrants or options to acquire any such shares with the proceeds received from the substantially concurrent issue of new shares of its common stock; and

(c) (i) in the case of the Company, declare or pay cash dividends or cash distributions to its stockholders and purchase, redeem or otherwise acquire shares of its capital stock or warrants, rights or options to acquire any such shares for cash *provided*, that, before and immediately after giving effect to such proposed action, no Default or Event of Default exists or would exist, and (ii) in the case of any non-Wholly-Owned Subsidiary, declare or pay cash dividends or cash distributions to its stockholders and purchase, redeem or otherwise acquire shares of its capital stock or warrants, rights or options to acquire any such shares for cash *provided*, that, the Company or its respective Subsidiary which owns the equity interest or interests in such Subsidiary paying such dividends or distributions or purchasing, redeeming or otherwise acquiring such shares or warrants, rights or options receives at least its proportionate share of such dividends or distributions or receives a proportionate offer to purchase, redeem or otherwise acquire such shares or warrants, rights or options, the proportionality of which in each case shall be based upon the affected class or classes of securities.

7.07 *ERISA.* The Company shall not, and shall not suffer or permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA and which would reasonably be expected to result in a Material Adverse Effect.

7.08 *Change in Business.* The Company shall not, and shall not suffer or permit any Subsidiary to, engage in any business that would substantially change the general nature of the business conducted by the Company and its consolidated Subsidiaries on the Closing Date.

7.09 *Accounting Changes.* The Company shall not, and shall not suffer or permit any Material Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of the Company or of any such Subsidiary, if such change would reasonably be expected to result in a Material Adverse Effect.

7.10 *Interest Coverage.* The Company shall not permit as of the last day of any fiscal quarter (commencing with the period ending June 30, 2004), on a consolidated basis, the ratio of (i) Earnings Before Interest and Taxes to (ii) Interest Expense, to be less than 2.5 to 1.0. For purposes of this section, "Earnings Before Interest and Taxes" means as at the end of any fiscal quarter of the Company for the period of four consecutive fiscal quarters ended as at such date, the sum of (a) the consolidated net income (or net loss) of the Company and its Subsidiaries for such period as determined in accordance with GAAP, plus (b) all amounts treated as interest expense for such period to the extent included in the determination of such consolidated net income (or loss); plus (c) all taxes accrued for such period on or measured by income to the extent included in the determination of such

consolidated net income (or loss); *provided*, *however*, that consolidated net income (or loss) shall be computed for the purposes of this definition without giving effect to extraordinary losses or extraordinary gains for such period; and "Interest Expense" means as at the end of any fiscal quarter of the Company for the period of four consecutive fiscal quarters ended as at such date, all amounts treated as interest expense for such period to the extent included in the determination of the Company's consolidated net income (or net loss) for such period as determined in accordance with GAAP.

7.11 *Subsidiary Indebtedness.* The Company shall not permit as of the last day of any fiscal quarter (commencing with the period ending March 31, 2004), the aggregate Indebtedness of its consolidated Subsidiaries to exceed $50,000,000. For purposes of this Section 7.11, the term "Indebtedness" shall be deemed to exclude Indebtedness of a Person which becomes a Subsidiary after the date hereof, *provided* that such excluded Indebtedness existed at the time such Person became a Subsidiary and was not created in anticipation thereof.

ARTICLE VIII

EVENTS OF DEFAULT

8.01 *Event of Default.* Any of the following shall constitute an "*Event of Default*":

(a) *Non-Payment.* The Company fails to pay, (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within two (2) Business Days following written notice to the Company given by the Agent or any Bank after the same becomes due, any interest, fee or any other amount payable hereunder or under any other Loan Document; or

(b) *Representation or Warranty.* Any representation or warranty by the Company or any Subsidiary made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, any Subsidiary, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) *Specific Defaults.* The Company fails to perform or observe any term, covenant or agreement contained in any of Sections 6.03(a), 6.12, 7.02, 7.03, 7.04, 7.05, 7.06, 7.09, 7.10 or 7.11; or

(d) *Other Defaults.* The Company fails to perform or observe (i) Section 6.01(a) hereunder and such default shall continue unremedied for a period of 5 days after the earlier of (A) the date upon which a Responsible Officer knew of such failure or (B) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or (ii) any other term or covenant contained in the Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the earlier of (A) the date upon which a Responsible Officer knew of such failure or (B) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or

(e) *Cross-Default.* (i) The Company or any Material Subsidiary fails to perform or observe any condition or covenant, or any other event shall occur or condition shall exist, under (a) the Existing Credit Agreements or (b) any other agreement or instrument relating to any Indebtedness having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $50,000,000, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, if the effect of such failure, event or condition is to cause such Indebtedness to be declared to be due and payable prior to its stated maturity; or (ii) if there shall occur any default or event of default, however denominated,

under any cross default provision under any agreement or instrument relating to any such Indebtedness of more than $50,000,000; or

(f) *Insolvency; Voluntary Proceedings.* The Company or any Material Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) *Involuntary Proceedings.* (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Material Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's or any such Material Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, stayed, vacated or fully bonded within 60 days after commencement, filing, issuance or levy; (ii) the Company or any Material Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law involving a material portion of the Company's or such Material Subsidiary's total assets) is ordered in any Insolvency Proceeding involving the Company or any such Material Subsidiary; or (iii) the Company or any Material Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) *ERISA.* (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $50,000,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds $50,000,000; or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of $50,000,000 and, in the case of any of clauses (i) through (iii), such liability or failure to pay shall not have been vacated, discharged, stayed, appealed or paid within ten (10) Business Days after such liability or payment obligation arises; or

(i) *Monetary Judgments.* One or more non-interlocutory judgments, non-interlocutory orders, non-interlocutory decrees or arbitration awards is entered against the Company or any Material Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of $50,000,000 or more, and the same shall not have been vacated, discharged, stayed or appealed within the applicable period for appeal from the date of entry thereof or paid within ten (10) Business Days after the same becomes non-appealable; or

(j) *Non-Monetary Judgments.* Any non-monetary judgment, order or decree is entered against the Company or any Subsidiary which does or would reasonably be expected to have a Material Adverse Effect; or

(k) *Change of Control.* There occurs any Change of Control. For purposes of this Section 8.01(k), (i) a "Change of Control" shall occur if any person or group of persons becomes the beneficial owner of 25% or more of the voting power of the Company for a period of 30 days or more; and (ii) the term "person" shall have the meaning set forth in Section 13(d) of the Exchange Act and the term "beneficial owner" shall have the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

8.02 *Remedies.* If any Event of Default occurs, the Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the obligation of each Bank to make any Loans to be terminated, whereupon such obligation and such Commitment shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company; and

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, *however*, that upon the occurrence of any event specified in subsection (f) or (g) of Section 8.01 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company.

8.03 *Rights Not Exclusive.* The rights provided for in this Agreement and the other Loan Documents (whether now existing or hereafter arising) are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity.

ARTICLE IX

THE AGENT

9.01 *Appointment and Authorization.* Each Bank hereby irrevocably appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

9.02 *Delegation of Duties.* The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 *Liability of Agent.* None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any

failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

9.04 *Reliance by Agent.*

(a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks (or all the Banks if specifically required hereunder) as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks (or all the Banks if specifically required hereunder) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.01 and 4.02, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent on or prior to the Closing Date or the Funding Date, as applicable, by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

9.05 *Notice of Default.* The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; *provided*, *however*, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.06 *Credit Decision.* Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it

shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Agent-Related Persons.

9.07 *Indemnification.* Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; *provided*, *however*, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

9.08 *Agent in Individual Capacity.* Bank One, The Bank of New York and Wachovia Bank, National Association, and their respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though Bank One were not the Agent and The Bank of New York and Wachovia Bank, National Association were not the Co-Syndication Agents hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Bank One, The Bank of New York, Wachovia Bank, National Association or their respective Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that neither the Agent nor the Co-Syndication Agents shall be under any obligation to provide such information to them. With respect to its Loans, each of Bank One, The Bank of New York and Wachovia Bank, National Association shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent or the Co-Syndication Agents, as applicable, and the terms "Bank" and "Banks" include each of Bank One, The Bank of New York and Wachovia Bank, National Association in its individual capacity.

9.09 *Successor Agent.* The Agent may, and at the request of the Company (so long as no Default or Event of Default exists at the time of such request) or the Majority Banks shall, resign as Agent upon 30 days' notice to the Banks. If the Agent resigns under this Agreement, the Company shall appoint from among the Banks a successor agent for the Banks (unless an Event of Default then exists in which case the Majority Banks shall appoint the successor agent). If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any

retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Company or the Majority Banks appoint a successor agent as provided for above.

9.10 *Withholding Tax.*

(a) If any Bank claims exemption from withholding tax under a United States tax treaty by providing IRS Form W-8 BEN and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Company to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form W-8 BEN as no longer valid.

(b) Subject to the requirements of this Agreement, if any Bank claiming exemption from United States withholding tax by filing IRS Form W-8 ECI with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by the Code.

(c) If the IRS or any other Governmental Authority of the United States or any other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this subsection, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

ARTICLE X

MISCELLANEOUS

10.01 *Amendments and Waivers.* No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Agent at the written request of the Majority Banks) and the Company and acknowledged by the Agent, and then any such waiver and consent shall be effective only in the specific instance and for the specific purpose for which given; *provided*, *however*, that no such waiver, amendment, or consent shall, unless in writing and signed by the Company and each Bank affected thereby, and acknowledged by the Agent, do any of the following:

(a) increase or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to subsection 8.02(a));

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, commitment fees or other material amounts due to the Banks (or any of them) hereunder or under any other Loan Document (other than any reduction of the amount of or any extension of the payment date for the mandatory payments required under

Section 2.09 which at any time that there shall be more than three Banks shall only require the approval of the Majority Banks);

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or (subject to clause (ii) below) any commitment fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder; or

(e) amend this Section, or Section 2.14, or any provision herein providing for consent or other action by all Banks;

and, *provided further*, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, and (ii) any fee letter may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto.

10.02 *Notices.*

(a) All notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission, provided that any matter transmitted by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on *Schedule 10.02*, and (ii) shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on *Schedule 10.02*; or, as directed to the Company or the Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Company and the Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the fifth Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II or IX shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Company. The Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Company to give such notice and, absent gross negligence or willful misconduct, the Agent and the Banks shall not have any liability to the Company or other Person on account of any action taken or not taken by the Agent or the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Company to repay the Loans shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic or facsimile notice.

10.03 *No Waiver; Cumulative Remedies.* No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 *Costs and Expenses.* The Company shall:

(a) pay or reimburse the Agent within five Business Days after demand for all reasonable costs and expenses incurred by the Agent in connection with the investigation of the Target, the

Tender Offer and the Merger and the development, preparation, documentation negotiation, syndication, distribution, administration and closing of this Agreement and the Transaction Documents and any other documents prepared in connection therewith (whether or not closing occurs), and the administration of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any such other documents, including reasonable Attorney Costs incurred by the Agent with respect thereto; and

(b) pay or reimburse the Agent, the Arranger and each Bank within five Business Days after demand for all reasonable costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

10.05 *Indemnity.* Whether or not the transactions contemplated hereby are consummated, the Company shall indemnify and hold the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "*Indemnified Person*") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including reasonable Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) result from an action, suit, proceeding or claim asserted against any such Indemnified Person by any Person not entitled to indemnification under this section in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby (including, without limitation, the Tender Offer and the Merger), or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or the use of the proceeds thereof or the Tender Offer or the Merger, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "*Indemnified Liabilities*"); *provided*, *however*, that the Company shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities resulting from such Indemnified Person's gross negligence or willful misconduct. In the event this indemnity is unenforceable as a matter of law as to a particular matter or consequence referred to herein, it shall be enforceable to the full extent permitted by law. Promptly upon receipt of notice of the making of any claim or the initiation of any action, suit, or proceeding (together, "*Dispute*"), the Indemnified Person shall, if a claim in respect thereof is to be made against the Company hereunder, notify the Company in writing thereof, *provided* that any failure to provide such notice shall not excuse the Company from its obligations under this Section, except to the extent that such failure to notify shall have materially prejudiced the Company's position. The Company shall have the right at its expense to control the defense of any Dispute, *provided* the Company has delivered prompt notice to the Indemnified Person expressly agreeing to assume the defense thereof and reaffirming its obligation to indemnify and hold harmless hereunder, with nationally-recognized counsel selected by the Company, but reasonably satisfactory to the Indemnified Person. In such event, the Company shall promptly notify the Indemnified Person of any and all material developments in such Dispute and the Company shall not agree to any settlement or material stipulation in such Dispute without the prior written consent of the Indemnified Person (such consent not to be unreasonably withheld). Notwithstanding the foregoing, if in the reasonable judgment of the Indemnified Person, there may exist *bona fide* legal defenses available to it relating to the Dispute which conflict with those of the Company or another Indemnified Person, such Indemnified Person shall have the right to select separate counsel, at the expense of the Company, to assert such legal defenses and otherwise participate in the legal defense of such Dispute on behalf of such Indemnified Person. Notwithstanding the foregoing, no Dispute subject to this

paragraph shall be settled without the Company's prior consent, not to be unreasonably withheld; *provided*, however, that any Indemnified Person may settle any such Dispute without the Company's consent if (a) the market reputation of Bank One or its Affiliates, or any Bank or its Affiliates which becomes an Indemnified Person under this Section 10.05, or the relationship of any of such Persons with their applicable state or federal regulators, in the judgment of such Persons, is being or foreseeably will be materially impaired as a result of the continuation of such Dispute, or (b) such Dispute involves or relates to any allegation of criminal wrongdoing, or (c) the Company is disputing its obligation to indemnify under this Section, or (d) the Company has failed to respond to any request for such consent within 10 days of its receipt of written notice of such proposed settlement. No Indemnified Person shall have any liability to the Company or any of its Affiliates for any indirect or consequential damages in connection with its activities related to this Agreement. The agreements in this Section shall survive payment of all other Obligations and the termination of the Commitments.

10.06 *Payments Set Aside.* To the extent that the Company makes a payment to the Agent or the Banks, or the Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share or other applicable share of any amount so recovered from or repaid by the Agent.

10.07 *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank and no Bank shall assign any of its rights or obligations hereunder except in accordance with Section 10.08.

10.08 *Assignments, Participations, etc.*

(a) Any Bank may, with the written consent of the Company at all times other than during the existence of an Event of Default and the Agent, which consents shall not be unreasonably withheld or delayed, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each an "*Assignee*") all, or any ratable part of all, of the Loans, the Commitment and the other rights and obligations of such Bank hereunder, in a minimum amount of $5,000,000 (or such lesser amount as the Company and the Agent may consent); *provided*, *however*, that the Company and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance in the form of *Exhibit F* ("*Assignment and Acceptance*") and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of $3,500, *provided* that in the case of a transfer under Section 3.08, the assignor Bank shall not be obligated to pay such processing fee.

(b) From and after the date that the Agent notifies the Company and the assignor Bank that it has received an executed Assignment and Acceptance which has been consented to by the Agent and by the Company (if required), and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been

assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Within five Business Days after its receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that the Agent and the Company consent to such assignment in accordance with subsection 10.08(a), to the extent required), the Company shall, if requested, execute and deliver to the Agent Notes for the Assignee (if the Assignee was not previously a Bank under this Agreement) and, if the assignor Bank is not retaining any interest in this Agreement such assignor Bank shall promptly cancel and return its Notes to the Agent for return to the Company. Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank *pro tanto*.

(d) Any Bank may, with the written consent of the Company at all times other than during the existence of an Event of Default, which consent shall not be unreasonably withheld, at any time sell to one or more Eligible Assignees (a "*Participant*") participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the "*originating Bank*") hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company and the Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.01. In the case of any such participation, the Participant shall not have any rights under this Agreement, or any of the other Loan Documents, and all amounts payable by the Company hereunder shall be determined as if such Bank had not sold such participation.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Company and provided to it by the Company or any Subsidiary, or by the Agent on such Company's or Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall disseminate such information except on a "need to know" basis to employees of such Bank or Affiliate, as the case may be, and their respective representatives or use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank; *provided*, *however*, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process (*provided*that such Bank shall promptly notify the Company of any such subpoena or process, unless it is legally prohibited from doing so, and cooperate with the Company at the Company's expense in obtaining a suitable order protecting the confidentiality of such information); (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or

proceeding to which the Agent, any Bank or their respective Affiliates may be party *provided* that such Bank will promptly notify the Company of any such disclosure and use reasonable efforts at the Company's expense to obtain a suitable order protecting the confidentiality of such information; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; and (G) to any Affiliate of such Bank, or to any Participant or Assignee, actual or (provided that there exists no Event of Default, with the written consent of the Company,) potential, provided that such Affiliate, Participant or Assignee agrees in writing to keep such information confidential to the same extent required of the Banks hereunder. Notwithstanding anything to the contrary set forth herein or in any other agreement to which the parties hereto are parties or by which they are bound, the obligations of confidentiality contained herein and therein (the "Confidentiality Obligations"), as they relate to the transactions contemplated by this Agreement, shall not apply to the "tax structure" or "tax treatment" of the transactions contemplated by this Agreement (as these terms are used in Section 1.6011-4(b)(3) (or any successor provision) of the Treasury Regulations (the "Confidentiality Regulation") promulgated under Section 6011 of the Internal Revenue Code of 1986, as amended); and each party hereto (and any employee, representative, or agent of any party hereto) may disclose to any and all persons, without limitation of any kind, the "tax structure" and "tax treatment" of the transactions contemplated by this Agreement (as these terms are defined in the Confidentiality Regulation). In addition, each party hereto acknowledges that it has no proprietary or exclusive rights to any tax matter or tax idea related to the transactions contemplated by this Agreement.

(f) Notwithstanding any other provision in this Agreement, without consent of the Company, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it (i) in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law, and (ii) to any direct or indirect counterparties in credit derivative transactions relating to the Loans for the purpose of the physical settlement of such transaction. If requested by any such Bank for purposes of this subsection 10.08(f), the Company shall execute and deliver Notes to such Bank.

10.09 *Set-off.* In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists, each Bank is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. In the event of any inconsistency between this section and any agreement governing deposits maintained by the Company with any Bank, this Section shall control with respect to set-offs affecting this Agreement. Each Bank agrees promptly to notify the Company and the Agent after any such set-off and application made by such Bank; *provided*, *however*, that the failure to give such notice shall not affect the validity of such set-off and application.

10.10 *Notification of Addresses, Lending Offices, Etc.* Each Bank shall notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.11 *Counterparts.* This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.12 *Severability.* The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.13 *No Third Parties Benefited.* This Agreement is made and entered into for the sole protection and legal benefit of the Company, the Banks, the Agent and the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.14 *Governing Law and Jurisdiction.*

(a) THIS AGREEMENT (AND THE NOTES) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, THE AGENT AND THE BANKS IRREVOCABLY WAIVES 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 DOCUMENT RELATED HERETO.

10.15 *Waiver of Jury Trial.* THE COMPANY, THE BANKS AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE BANKS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.16 *Entire Agreement.* This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Company, the Banks and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

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

DELUXE CORPORATION

By: /s/ RAJ AGRAWAL

Name: Raj Agrawal
Title: Vice President and Treasurer

BANK ONE, NA (MAIN OFFICE CHICAGO),
individually and as Agent

By: /s/ ANTHONY F. MAGGIORE

Name: Anthony F. Maggiore
Title: Managing Director, Capital Markets

THE BANK OF NEW YORK,
individually and as a Co-Syndication Agent

By: /s/ JOHN-PAUL MAROTTA

Name: John-Paul Marotta
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
individually and as a Co-Syndication Agent

By: /s/ KRISTEN CARVER

Name: Kristen Carver
Title: Assistant Vice President

ANNEX I

PRICING GRID

364-Day Revolving Credit
Pricing Grid

Status	Level I	Level II	Level III	Level IV	Level V
Applicable Fee Rate	0.07%	0.08%	0.10%	0.15%	0.20%
LIBO Rate Applicable Margin	0.40%	0.50%	0.625%	0.75%	1.00%
Base Rate Applicable Margin	0%	0%	0%	0%	0%

For the purposes of this Schedule, the following terms have the following meanings, subject to the final paragraph of this Schedule:

"Level I Status" exists at any date if, on such date, the Company's Moody's Rating is A2 or better or the Company's S&P Rating is A or better.

"Level II Status" exists at any date if, on such date, (i) the Company has not qualified for Level I Status and (ii) the Company's Moody's Rating is A3 or better or the Company's S&P Rating is A- or better.

"Level III Status" exists at any date if, on such date, (i) the Company has not qualified for Level I Status or Level II Status and (ii) the Company's Moody's Rating is Baa1 or better or the Company's S&P Rating is BBB+ or better.

"Level IV Status" exists at any date if, on such date, (i) the Company has not qualified for Level I Status, Level II Status or Level III Status and (ii) the Company's Moody's Rating is Baa2 or better or the Company's S&P Rating is BBB or better.

"Level V Status" exists at any date if, on such date, the Company has not qualified for Level I Status, Level II Status, Level III Status or Level IV Status.

"Moody's Rating" means, at any time, the rating issued by Moody's Investors Service, Inc. and then in effect with respect to the Company's senior unsecured long-term debt securities without third-party credit enhancement.

"Rating" means Moody's Rating or S&P Rating.

"S&P Rating" means, at any time, the rating issued by Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and then in effect with respect to the Company's senior unsecured long-term debt securities without third-party credit enhancement.

"Status" means Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status.

The Applicable Margins and the Applicable Fee Rate shall be determined in accordance with the foregoing table based on the Company's Status as determined from its then-current Moody's or S&P Rating. If the Company is split-rated and the ratings differential is two levels or more, the intermediate rating at the midpoint will apply. If there is no midpoint, the higher of the two intermediate ratings will apply. The credit rating in effect on any date for the purposes of this Schedule is that in effect at the close of business on such date. Unless Moody's or S&P, as applicable, shall cease generally to issue public ratings with respect to senior unsecured long-term debt securities without third-party credit enhancement (in which event the Applicable Margins and Applicable Fee Rate shall be determined in accordance with the foregoing table based on the Company's Status as determined from its then-current and available Moody's or S&P Rating, as applicable), if the Company does not have both a Moody's Rating and an S&P Rating, Level V Status shall apply.

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Exhibit 99.1(d)(1)

AGREEMENT AND PLAN OF MERGER

DATED AS OF

MAY 17, 2004

BY AND AMONG

NEW ENGLAND BUSINESS SERVICE, INC.,

DELUXE CORPORATION

AND

HUDSON ACQUISITION CORP.

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of May 17, 2004 (the "*Agreement*"), by and among New England Business Service, Inc., a Delaware corporation (the "*Company*"), Deluxe Corporation, a Minnesota corporation ("*Parent*"), and Hudson Acquisition Corp., a Delaware corporation and an indirect, wholly owned subsidiary of Parent ("*Merger Sub*").

WHEREAS, each of the respective Boards of Directors (as defined below) of Parent, Merger Sub and the Company have approved the acquisition of the Company by Parent on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, Parent proposes to cause Merger Sub to make a tender offer to purchase all of the issued and outstanding shares of common stock, par value $1.00 per share, of the Company (the "*Common Shares*"), including associated rights of the Company ("*Rights*") to purchase Series A Participating Preferred Stock, par value $1.00 per share, of the Company, issued pursuant to the Company Rights Agreement (as defined below) (the Common Shares, together with the Rights, are hereinafter referred to individually as a "*Share*" and collectively as, the "*Shares*"), upon the terms and subject to the conditions set forth in this Agreement (such tender offer, as it may be amended and supplemented from time to time as permitted under this Agreement, the "*Offer*"); and

WHEREAS, after acquiring the Shares pursuant to the Offer, Merger Sub will merge with and into the Company (the "*Merger*"), whereby each issued and outstanding Share not owned directly or indirectly by Parent or the Company, except as otherwise provided herein, will be converted into the right to receive the Offer Price (as defined below); and

WHEREAS, the Board of Directors of the Company has unanimously (i) determined that this Agreement and the transactions contemplated hereby, including the Offer and the Merger, are advisable and fair to, and in the best interests of, the Company and its stockholders, (ii) adopted resolutions approving and declaring advisable this Agreement and the transactions contemplated hereby, including the Offer and the Merger, and (iii) subject to the terms and conditions contained herein, agreed to recommend that the stockholders of the Company accept the Offer, tender their Shares and, if required by applicable Law (as defined below), adopt and approve this Agreement and the transactions contemplated hereby, including the Merger;

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.01 *Certain Defined Terms.* Definitions shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. All references herein to Articles, Sections, Annexes and Schedules shall be deemed to be references to Articles and Sections of, and Annexes and Schedules to, this Agreement unless the context shall otherwise require. Unless otherwise defined therein, all terms used in any Annex or Schedule shall have the meaning ascribed to such term in this Agreement. The words "*include*," "*includes*" and "*including*" shall be deemed to be followed by the phrase "*without limitation*." The words "*hereof*," "*herein*" and "*hereunder*" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise expressly provided herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments

incorporated therein. For the purposes of this Agreement, the following terms have the following meanings:

"*Acceptance Date*" means the first date on which Merger Sub purchases any Shares pursuant to the Offer.

"*Acquisition Proposal*" means any contract, proposal, offer or indication of interest (other than by Parent or one of its Affiliates) (whether or not in writing and whether or not delivered to the stockholders of the Company generally) relating to (i) the acquisition in any manner, directly or indirectly, of a substantial portion of the business or assets of the Company or any of its Subsidiaries (including the capital stock of (or other ownership interest in) any Subsidiary of the Company), (ii) a direct or indirect purchase of Shares and any other capital stock of (or ownership interest in) the Company (the "*Company Securities*") in a single transaction or series of related transactions representing 15% or more of the voting power of the capital stock of (or other ownership interest in) the Company or any new class or series of stock that would be entitled to a class or series vote with respect to the Merger, including by way of a tender offer, exchange offer or issuance of any Company Securities in connection with any acquisition by the Company or any of its Subsidiaries or (iii) a merger, business combination, reorganization, recapitalization, liquidation or dissolution of the Company, in each case other than the transactions contemplated by this Agreement.

"*Adverse Market Change*" means (i) any general suspension of trading in, or limitation on prices for, securities on the NYSE, (ii) a declaration of a banking moratorium by any Governmental Entity or any general suspension of payments in respect of banks or other lending institutions in the United States that regularly participate in the United States market in loans to large corporations that materially and adversely affects the extension of credit in the United States by banks or other lending institutions in the United States that regularly participate in the United States market in loans to large corporations, (iii) any material limitation by any Governmental Entity in the United States that materially and adversely affects the extension of credit by banks or other lending institutions in the United States that regularly participate in the United States market in loans to large corporations, and (iv) any commencement of a war, armed hostilities or other national or international calamity, including a significant terrorist attack or similar event, involving the United States that materially and adversely affects the extension of credit by banks or other lending institutions in the United States that regularly participate in the United States market in loans to large corporations or, in the case of any war, armed hostilities or other national or international calamity involving the United States existing on or at the time of commencement of the Offer (including, without limitation, in Afghanistan, Iraq or elsewhere in the Middle East) a material worsening thereof that materially and adversely affects the extension of credit by banks or other lending institutions in the United States that regularly participate in the United States market in loans to large corporations.

"*Affiliate*" (whether or not capitalized) means, when used with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. As used in the definition of "*Affiliate*," the term "*control*" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"*Benefit Plans*" shall mean each "*employee benefit plan*" (within the meaning of Section 3(3) of ERISA, including multiemployer plans within the meaning of ERISA Section 3(37)), and any material stock purchase, stock option, severance, employment, change-in-control, fringe benefit, welfare benefit, bonus, incentive, deferred compensation and each other material employee benefit plan, agreement, program, policy or other similar arrangement, whether or not subject to ERISA (including any funding mechanism therefor now in effect or required in the future as a result of

the transaction contemplated by this Agreement or otherwise), whether formal or informal, oral or written, that is sponsored, maintained or contributed to by the Company or any ERISA Affiliate, for the benefit of any employee or director or former employee or director of the Company.

"*Board of Directors*" means, with respect to any Person, the board of directors of such Person.

"*Business Day*" means any day, other than Saturday, Sunday or a United States federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern time; *provided* that for purposes of Article II, "*Business Day*" as it relates to time periods prescribed under the Securities Act or the Exchange Act shall have the meaning given to such term in Rule 14d-1(g)(3) of the Exchange Act.

"*Bylaws*" means, with respect to any Person, the bylaws (or comparable organizational document) of such Person in effect on the date hereof unless the context otherwise requires.

"*Certificate of Incorporation*" means, with respect to any Person, the certificate of incorporation or articles of incorporation (or comparable organizational document), as the case may be, of such Person in effect on the date hereof unless the context otherwise requires.

"*Code*" means the Internal Revenue Code of 1986 (including any successor code), and the rules and regulations promulgated thereunder.

"*Company Disclosure Letter*" means the disclosure letter from the Company to Parent and Merger Sub, dated the date hereof.

"*Company Material Adverse Effect*" means any event, change, occurrence, circumstance or development which, individually or together with any one or more other events, changes, occurrences, circumstances or developments, has had, or is reasonably likely to have, an effect that is both material and adverse with respect to the business, assets, properties, liabilities, results of operations or financial condition of the Company and its Subsidiaries, taken as a whole; *provided* that the following shall not be taken into account in determining whether any such event, change, occurrence, circumstance or development, individually or together with any one or more other events, changes, occurrences, circumstances or developments, has had, or is reasonably likely to have, such an effect (or whether such an effect has occurred and is continuing): (i) any change or effect resulting from changes in general economic conditions, conditions in the United States or worldwide capital markets or any outbreak of hostilities or war (except, and to the extent, such changes, individually or in the aggregate, disproportionately affect the business, assets, properties, liabilities, results of operations or financial condition of the Company and its Subsidiaries, taken as a whole, as compared to other participants in the industries in which the Company and its Subsidiaries conduct their businesses), (ii) any change or effect resulting from conditions generally affecting the industries in which the Company and its Subsidiaries conduct their businesses (except, and to the extent, such conditions, individually or in the aggregate, disproportionately affect the business, assets, properties, liabilities, results of operations or financial condition of the Company and its Subsidiaries, taken as a whole, as compared to other participants in the industries in which the Company and its Subsidiaries conduct their businesses), (iii) any failure by the Company to meet revenue or earnings predictions of equity analysts (except, and to the extent, any such failure results from any event, change, occurrence, circumstance or development which, individually or together with any one or more other events, changes, occurrences, circumstances or developments, would otherwise constitute a Company Material Adverse Effect), (iv) any change in the trading prices or trading volume of the Company's capital stock (except, and to the extent, any such change results from any event, change, occurrence, circumstance or development which, individually or together with any one or more other events, changes, occurrences, circumstances or developments, would otherwise constitute a Company Material Adverse Effect) or (v) any change

or effect resulting from the announcement of this Agreement, the Offer, the Merger or the other transactions contemplated hereby.

"*Company Option Plans*" means the Company's 1990 Key Employee Stock Option and Stock Appreciation Rights Plan (the "*1990 Plan*"), its 1994 Key Employee and Eligible Director Stock Option and Stock Appreciation Rights Plan (the "*1994 Plan*"), its 1997 Key Employee and Eligible Director Stock Option and Stock Appreciation Rights Plan (the "*1997 Plan*"), its 2002 Equity Incentive Plan (which amends and restates the 1990 Plan, the 1994 Plan and the 1997 Plan, hereinafter the "*2002 Plan*"), its 2000 Stock Option Plan for PremiumWear Employees (the "*2000 Plan*"), its Stock Compensation Plan (the "*Stock Compensation Plan*") and the Stock Option Agreement, dated as of February 2, 1996, between the Company and Robert J. Murray (the "*RJM Plan*").

"*Company Rights Agreement*" means the Amended and Restated Rights Agreement, dated as of October 20, 1994, as amended as of November 1, 2001, between the Company and EquiServe Trust Company, N.A., as rights agent.

"*Derivative Transactions*" means any hedge transaction, swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, put or call transaction, floor transaction or collar transaction relating to one or more currencies, commodities, bonds, equity securities, loans, interest rates, credit-related events or conditions or any indexes, or any other similar transaction or combination of any of these transactions, including collateralized mortgage obligations or other similar instruments or any debt or equity instruments evidencing or embedding any such types of transactions, and any related credit support, collateral or other similar arrangements related to such transactions; *provided* that, for the avoidance of doubt, the term "*Derivative Transactions*" shall not include any Company Stock Options.

"*DGCL*" means the Delaware General Corporation Law.

"*Environmental Laws*" means, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. Section 1251 et seq., the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq., the Occupational Safety and Health Act, 29 U.S.C. Section 641, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., as any of the above statutes have been or may be amended through the Acceptance Date, all rules and regulations promulgated pursuant to any of the above statutes, and any other foreign, federal, state, provincial or local Law, statute, ordinance, rule or regulation governing Environmental Matters, as the same have been or may be amended from time to time through the Acceptance Date, including any common Law cause of action providing any right or remedy relating to Environmental Matters, all indemnity agreements and other contractual obligations (including leases, asset purchase and merger agreements) relating to Environmental Matters, and all applicable judicial and administrative decisions, Orders, and decrees relating to Environmental Matters in each case that are final and binding.

"*Environmental Matter*" means any responsibility, duty, obligation or liability arising out of, relating to, or resulting from pollution, contamination, protection of the environment, human health or safety, health or safety of employees, sanitation or emissions, discharges, disseminations, releases or threatened releases, of Hazardous Substances into the air (indoor and outdoor), surface water, groundwater, soil, land surface or subsurface, buildings, Facilities, real or personal property or fixtures or otherwise arising out of, relating to, or resulting from the manufacture, processing,

distribution, use, treatment, storage, disposal, transport, handling, release or threatened release of Hazardous Substances.

"*ERISA*" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"*ERISA Affiliate*" shall mean any employer that would be considered a single employer with the Company under Section 414(b), (c), (m) or (o) of the Code.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"*Expenses*" means documented out-of-pocket fees and expenses incurred or paid by or on behalf of Parent in connection with the Merger or the consummation of any of the transactions contemplated by this Agreement, including all HSR Act filing fees, fees and expenses of counsel, commercial banks, investment banking firms, accountants, experts, environmental consultants, and other consultants to Parent.

"*Facilities*" means any real property, leaseholds, or other interests currently owned or operated by the Company or any of its Subsidiaries and any buildings, plants, structures, or equipment (including motor vehicles) currently owned or operated by the Company or any of its Subsidiaries.

"*Governmental Entity*" means any foreign, federal, state, provincial, municipal or other court, administrative agency, commission or other governmental or regulatory body or authority or instrumentality or political subdivision, including tribal bodies, or any official thereof.

"*Hazardous Substances*" means any pollutants, contaminants, toxic or hazardous or extremely hazardous substances, materials, wastes, constituents, compounds or chemicals that are regulated by, or may form the basis of liability under, any Environmental Laws.

"*HSR Act*" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"*Initial Outside Date*" means 120 days after commencement of the Offer.

"*Key Employees*" means those individuals identified on Schedule 6.01(h) of the Company Disclosure Letter.

"*Knowledge*" means the actual knowledge of the individuals identified in Schedule 1.01 of the Company Disclosure Letter, acquired in the performance of such individuals' respective duties in the ordinary course of business.

"*Law*" means any federal, state, provincial, local or foreign law, statute, rule, administrative order, decree, regulation or ordinance.

"*Lien*" means, with respect to any asset or right, any mortgage, lien, pledge, claim, charge, security interest, conditional sale agreement, title exception, encumbrance, option, right of first offer or refusal, easement, servitude, transfer restriction or any other right of another to or adverse claim of any kind in respect of such asset or right, including under any stockholder agreement.

"*NYSE*" means The New York Stock Exchange, Inc.

"*Offer Price*" means $44.00 per Share net to the seller in cash, without interest, or, if increased pursuant to Section 2.01(e), such higher price per Share.

"*Option Consideration*" means the excess, if any, of the Merger Consideration over the per share exercise price of the applicable Company Stock Option.

"*Order*" means any award, decision, injunction, arbitration award, decree, stipulation, determination, writ, judgment, order, ruling, subpoena or verdict entered, issued, made, or rendered by any Governmental Entity or arbitrator.

"*Parent Material Adverse Effect*" means any event, change, occurrence, circumstance or development which, individually or together with any one or more other events, changes, occurrences, circumstances or developments, has or is reasonably likely to have a material adverse effect on the business, assets, properties, liabilities, results of operations or financial condition of Parent and Merger Sub, taken as a whole.

"*Permitted Encumbrances*" means with respect to any property or asset, any and all of the following: (i) Liens reflected in the consolidated financial statements as of March 27, 2004 (or in the notes thereto) contained in the Company Reports, (ii) Liens consisting of zoning or planning restrictions, easements, permits and other restrictions or limitations on the use of real property or irregularities in title thereto which do not materially detract from the value of, or impair the use of, such property by the Company or any of its Subsidiaries in the operation of its respective business, (iii) Liens for current Taxes not yet due and delinquent or being contested in good faith and (iv) such Liens or other restrictions which have not had, and which could not reasonably be expected to have, a Company Material Adverse Effect.

"*Person*" (whether or not capitalized) means any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or other entity or any Governmental Entity.

"*Proceeding*" means any action, claim, arbitration, hearing, litigation or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Entity or arbitrator.

"*Representatives*" means, when used with respect to Parent or the Company, the directors, officers, employees, consultants, accountants, legal counsel, financing sources, investment bankers, agents, controlling persons and other representatives of Parent, its Affiliates and its Subsidiaries, or the Company, its Affiliates and its Subsidiaries.

"*SEC*" means the Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"*Subsidiary*" means, with respect to any Person, each entity as to which such Person directly or indirectly owns beneficially or of record or has the power to vote or control, 50% or more of the voting securities of such entity or of any class of equity interests of such entity the holders of which are ordinarily entitled to vote for the election of the members of the Board of Directors or other persons performing similar functions.

"*Superior Proposal*" means a bona fide Acquisition Proposal made by a third party for at least a majority of the voting power of the Company's then outstanding securities or all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, if the Board of Directors of the Company determines in good faith by a vote of a majority of the entire Board of Directors of the Company (based on, among other things, the advice of its independent financial advisors and outside legal counsel), taking into account all legal, financial, regulatory and other aspects of the proposal and the Person making such proposal, that such proposal (i) would, if consummated in accordance with its terms, be more favorable, from a financial point of view, to the holders of the Shares than those contemplated by this Agreement (taking into account any adjustments to the terms and conditions of this Agreement, the Offer or the Merger offered in writing by Parent), (ii) the conditions to the consummation of which are all reasonably capable of being satisfied in a timely manner and (iii) is not subject to any financing contingency or, to the extent financing for such proposal is required, that such financing is then committed.

"*Tax*" or "*Taxes*" means (i) any and all federal, state, provincial, local, foreign and other taxes, levies, fees, imposts, duties, and similar governmental charges and assessments (including any interest, fines, deficiencies, assessments, penalties or additions to tax imposed in connection therewith or with respect thereto) including (x) taxes imposed on, or measured by, income, franchise, profits or gross receipts, and (y) ad valorem, value added, capital gains, sales, goods and services, use, real or personal property, capital stock, license, branch, payroll, estimated withholding, employment, social security (or similar), unemployment, compensation, utility, severance, production, excise, stamp, occupation, premium, windfall profits, transfer and gains taxes, and customs duties, and (ii) any liability for any payment of amounts with respect to payments of a type described in clause (i) as a result of being a member of an affiliated, consolidated, combined or unitary group.

"*Tax Returns*" means any and all reports, returns, declarations, claims for refund, elections, disclosures, estimates, information reports or returns or statements required to be supplied to a Governmental Entity in connection with Taxes, including any schedule or attachment thereto or amendment thereof.

The term "*threatened*" when used with respect to a Proceeding or other matter means any demand or statement has been made or any notice has been received with respect to such Proceeding or other matter.

"*$*" means United States of America dollars.

1.02 *Cross-References.* The following terms shall have the meanings ascribed thereto in the Section set forth opposite such term:

Agreement	Preamble
Bonus Plans	6.07(d)
Certificate of Merger.	3.01(b)
Certificates	3.07(b)
Common Shares	Preamble
Company	Preamble
Company Disclosure Documents	4.21(a)
Company Employees	6.07(b)
Company Intellectual Property	4.20(a)
Company Permits	4.15(b)
Company Reports	4.07(a)
Company Stock Option	3.08(a)
Company Subsidiary Securities	4.06(b)
Confidentiality Agreement	6.02
Continuation Period	6.07(a)
Delaware Secretary of State	3.01(b)
Disbursing Agent	3.07(a)
Dissenting Shares	3.09(a)
Effective Time	3.01(b)
Exchange Fund	3.07(a)
GAAP	4.07(b)
Independent Directors	2.03(b)
Indemnified Party	6.06
Insured Party	6.06
IRS	4.10(a)
Legal Actions	4.09
Liabilities	4.07(c)

Merger	Preamble
Merger Consideration	3.06(b)
Merger Sub	Preamble
Minimum Condition	Annex A
Morgan Stanley	4.22
Offer	Preamble
Offer Documents	2.01(b)
Parent	Preamble
Payment	4.18
Preferred Stock	4.05(a)
Proxy Statement	4.21(a)
Rights	Preamble
Schedule 14D-9	2.02(b)
Schedule TO	2.01(b)
Section 16	3.08(b)
Share or Shares	Preamble
Stockholders Meeting	6.08
Subsequent Period	2.01(c)
Superior Proposal Notice	8.01(f)
Surviving Bylaws	3.03
Surviving Charter	3.02
Surviving Corporation	3.01(a)
WARN Act	4.11(c)

ARTICLE II

THE OFFER

2.01 *The Offer.*

(a) Subject to the provisions of this Agreement, as promptly as practicable, and in any event no more than seven Business Days, after the date of this Agreement, Merger Sub shall, and Parent shall cause Merger Sub to, commence, within the meaning of Rule l4d-2 under the Exchange Act, the Offer. The obligation of Merger Sub to, and of Parent to cause Merger Sub to, accept for payment and pay for any Shares tendered shall be subject only to the satisfaction of the conditions set forth in *Annex A*; *provided* that Parent and Merger Sub may waive any of the conditions to the Offer (other than the Minimum Condition, which may not be waived without the prior written consent of the Company) and may make changes in the terms and conditions of the Offer except that, without the prior written consent of the Company, (i) no change may be made to the form of consideration to be paid, (ii) no decrease in the Offer Price or the number of Shares sought in the Offer may be made, (iii) no change which imposes additional conditions to the Offer or modifies any of the conditions set forth in *Annex A* may be made, (iv) no change to the terms of the Offer which is in any manner adverse to the holders of the Shares may be made and (v) neither Parent nor Merger Sub may extend the Offer, except in accordance with Section 2.01(c). The Company agrees that no Shares held by the Company or any of its Subsidiaries will be tendered to Merger Sub pursuant to the Offer.

(b) As promptly as practicable on the date of commencement of the Offer, Parent and Merger Sub shall file with the SEC a Tender Offer Statement on Schedule TO (as amended and supplemented from time to time, the "*Schedule TO*"), which shall comply in all material respects with the provisions of applicable federal securities Laws, and shall contain the offer to purchase relating to the Offer and forms of the related letter of transmittal and other appropriate documents (which documents, as amended or supplemented from time to time, are referred to herein collectively as the "*Offer Documents*"). Parent and Merger Sub shall disseminate the Offer Documents to holders of Shares as

and to the extent required by applicable federal securities Laws. In conducting the Offer, Parent and Merger Sub shall comply in all material respects with the provisions of the Exchange Act and any other applicable Laws necessary to be complied with in connection with the Offer. The Company shall promptly furnish to Parent and Merger Sub all information concerning the Company and its Subsidiaries and the Company's stockholders that may be required or reasonably requested in connection with any action contemplated by this Section 2.01(b). The Company and its counsel shall be given a reasonable opportunity to review and comment on the Offer Documents prior to their filing with the SEC. Parent and Merger Sub shall provide to the Company, and consult with the Company and its counsel regarding, any comments that may be received from the SEC or its staff (whether written or oral) with respect to the Offer Documents promptly after receipt thereof and any responses thereto. Each of Parent and Merger Sub, on the one hand, and the Company, on the other hand, shall promptly correct any information provided by it for use in the Offer Documents if and to the extent that it shall have become false or misleading in any material respect, and Parent and Merger Sub shall take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and be disseminated to holders of Shares, in each case, as and to the extent required by Law.

(c) The initial scheduled expiration date of the Offer shall be 20 Business Days after the date of its commencement. Notwithstanding the foregoing (including, without limitation, clauses (iii) and (iv) of the second sentence of Section 2.01(a)), Parent and Merger Sub shall have the right to extend the Offer (i) from time to time if, at any scheduled expiration date of the Offer, any of the conditions to the Offer set forth in *Annex A* shall not have been satisfied or waived, until such conditions are satisfied or waived, (ii) for any period required by any rule, regulation, interpretation or position of the SEC or the staff thereof applicable to the Offer or any period required by applicable Law or (iii) if the Company gives Parent a Superior Proposal Notice pursuant to Section 8.01(f) less than three Business Days prior to the then scheduled expiration date of the Offer, until 5:00 p.m. New York City time on the third Business Day after such Superior Proposal Notice is given; *provided, however,* that in either of the cases described in clauses (i) and (ii), the expiration date may not be extended beyond the Initial Outside Date. If, on such expiration date, the Minimum Condition has been satisfied, and all other conditions to the Offer have been satisfied or waived, but the number of Shares tendered (and not withdrawn) pursuant to the Offer, together with Shares then owned by Parent and Merger Sub, represents less than 90% of the outstanding Shares on a fully diluted basis, Parent may extend the Offer for a further period of time up to an additional 20 Business Days in the aggregate (collectively, the "*Subsequent Period*") pursuant to Rule 14d-11 of the Exchange Act to meet the objective that there be tendered before the expiration date (as so extended), and not withdrawn, a number of Shares which, together with Shares then owned by Parent and Merger Sub, represents at least 90% of the then issued and outstanding Shares on a fully-diluted basis.

(d) Subject to the terms and conditions of the Offer and this Agreement, Merger Sub shall, and Parent shall cause Merger Sub to, accept for payment and pay for Shares validly tendered and not withdrawn pursuant to the Offer as soon as possible after the expiration thereof; *provided* that Merger Sub shall immediately accept and promptly pay for all Shares as they are tendered during any Subsequent Period. Parent shall provide or cause to be provided to Merger Sub on a timely basis the funds necessary to purchase any Shares that Merger Sub becomes obligated to purchase pursuant to the Offer.

(e) The Offer Price may be increased by Parent without the consent of the Company, in which case the Offer shall be extended, without the necessity of the consent of the Company, as required by applicable Law.

2.02 *Company Actions.*

(a) The Company hereby approves of and consents to the Offer and represents and warrants that the Board of Directors of the Company, at a meeting duly called and held, has unanimously

(i) determined that this Agreement and the transactions contemplated hereby, including the Offer and the Merger, are advisable and fair to, and in the best interests of, the Company and its stockholders, (ii) adopted resolutions approving and declaring advisable this Agreement and the transactions contemplated hereby, including the Offer and the Merger, and (iii) resolved to recommend that the stockholders of the Company accept the Offer, tender their Shares and, if required by applicable Law, adopt and approve this Agreement and the transactions contemplated hereby, including the Merger, *provided* that such recommendation may be withdrawn, modified or amended in accordance with Section 6.03. The Company hereby consents to the inclusion in the Offer Documents of the recommendation of the Board of Directors of the Company described in the first sentence of this Section 2.02(a), subject to the Company's rights to withdraw, modify or amend its recommendation in accordance with Section 6.03.

(b) The Company shall file with the SEC on the date of commencement of the Offer a Solicitation/Recommendation Statement on Schedule 14D-9 (as amended and supplemented from time to time, the "*Schedule 14D-9*") that shall reflect, subject to Section 6.03, the recommendation of the Company's Board of Directors referred to above, and shall disseminate the Schedule 14D-9 to stockholders of the Company as required by Rule 14D-9 promulgated under the Exchange Act. To the extent practicable, the Company shall cooperate with Parent and Merger Sub in mailing or otherwise disseminating the Schedule 14D-9 with the appropriate Offer Documents to the Company's stockholders. The Schedule 14D-9 shall comply in all material respects with the provisions of applicable federal securities Laws. The Company shall deliver copies of the proposed form of the Schedule 14D-9 to Parent within a reasonable time prior to the filing thereof with the SEC for review and comment by Parent and its counsel (who shall provide any comments thereon as soon as practicable). The Company shall provide to Parent, and consult with Parent and its counsel regarding, any comments that may be received from the SEC or its staff (whether written or oral) with respect to the Schedule 14D-9 promptly after receipt thereof and any responses thereto. Each of the Company, on the one hand, and Parent and Merger Sub, on the other hand, shall promptly correct any information provided by it for use in the Schedule 14D-9 that shall become false or misleading in any material respect, and the Company shall take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and disseminated to the stockholders of the Company as and to the extent required by applicable Laws.

(c) In connection with the Offer, the Company shall promptly furnish Parent with (or cause Parent to be furnished with) mailing labels, security position listings and any available listing or computer file containing the names and addresses of the record holders of the Shares as of a recent date, and shall furnish Parent with such information and assistance as Parent or its agents may reasonably request in communicating the Offer to the stockholders of the Company. Subject to the requirements of applicable Law, and except for such steps as are necessary to disseminate the Offer Documents and any other documents necessary to consummate the Merger, Parent and Merger Sub shall, and shall cause each of their Affiliates to, hold in confidence the information contained in any of such labels, listings and files, use such information only in connection with the Offer and the Merger, and, if this Agreement is terminated, deliver to the Company all copies of such information or extracts therefrom then in their possession or under their control.

2.03 *Board Representation.*

(a) Subject to applicable Law and to the extent permitted by the NYSE, promptly upon the acceptance for payment of any Shares pursuant to the Offer, Parent shall be entitled to designate such number of directors, rounded up to the next whole number, to serve on the Board of Directors of the Company as will give Merger Sub representation on the Board of Directors of the Company equal to the product of (i) the total number of directors on the Board of Directors (giving effect to the election of any additional directors pursuant to this Section 2.03(a)) and (ii) the percentage that the number of Shares beneficially owned by Parent and/or Merger Sub (including Shares accepted for payment) bears

to the number of Shares outstanding. The Company shall take all actions necessary to cause Parent's designees to be elected or appointed to the Company's Board of Directors, including increasing the size of the Board of Directors and/or securing the resignations of incumbent directors (including, if necessary, to ensure that a sufficient number of independent directors are serving on the Board of Directors of the Company in order to satisfy the NYSE listing requirements). Subject to applicable Law and to the extent permitted by the NYSE, the Company shall cause individuals designated by Parent to constitute the same percentage as is on the entire Board of Directors of the Company (after giving effect to this Section 2.03(a)) to be on (i) each committee of the Board of Directors of the Company and (ii) each Board of Directors and each committee thereof of each Subsidiary of the Company. The Company's obligations to appoint designees to its Board of Directors shall be subject to compliance with Section 14(f) of the Exchange Act. At the request of Parent, the Company shall promptly take, at its expense, all actions required pursuant to Section 14(f) and Rule 14f-1 under the Exchange Act in order to fulfill its obligations under this Section 2.03(a) and shall include in the Schedule 14D-9 or otherwise timely mail to its stockholders all necessary information to comply therewith. Parent will supply to the Company, and be solely responsible for, all information with respect to itself and its officers, directors and affiliates required by Section 14(f) and Rule 14f-1 under the Exchange Act.

(b) Notwithstanding the provisions of Section 2.03(a), following the election or appointment of Parent's designees pursuant to Section 2.03(a) and until the Effective Time, the Company shall use its commercially reasonable efforts to cause its Board of Directors to have at least two directors who are directors on the date hereof and who are not employed by the Company and who are not Affiliates, stockholders or employees of Parent or any of its Subsidiaries (the "*Independent Directors*"); *provided* that if any Independent Directors cease to be directors for any reason whatsoever, the remaining Independent Directors (or Independent Director, if there is only one remaining) shall be entitled to designate any other Person(s) who shall not be an Affiliate, stockholder or employee of Parent or any of its Subsidiaries to fill such vacancies and such Person(s) shall be deemed to be Independent Director(s) for purposes of this Agreement; *provided* that the remaining Independent Directors shall fill such vacancies as soon as practicable, but in any event within ten Business Days, and *further provided* that if no such Independent Director is appointed in such time period, Parent shall designate such Independent Director(s), *provided further* that if no Independent Director then remains, the other directors shall designate two Persons who shall not be Affiliates, stockholders or employees of Parent or any of its Subsidiaries to fill such vacancies and such Persons shall be deemed to be Independent Directors for purposes of this Agreement. In all cases, the selection of any Independent Directors who are not directors on the date hereof shall be subject to the approval of Parent, not to be unreasonably withheld or delayed.

(c) Following the election or appointment of Parent's designees pursuant to Section 2.03(a) and until the Effective Time, the approval of a majority of the Independent Directors shall be required to authorize (and such authorization shall constitute the authorization of the Board of Directors and no other action on the part of the Company, including any action by any other director of the Company, shall be required to authorize) any termination of this Agreement by the Company, any amendment of this Agreement requiring action by the Board of Directors, any extension of time for performance of any obligation or action hereunder by Parent or Merger Sub and any enforcement of or any waiver of compliance with any of the agreements or conditions contained herein for the benefit of the Company, any action to seek to enforce any obligations of Parent or Merger Sub under this Agreement or any other action by the Company's Board of Directors under or in connection with this Agreement. The Independent Directors shall have full power solely with respect to the matters set forth in the previous sentence to be approved by the Independent Directors and in connection herewith the Independent Directors shall be authorized, on behalf of and at the expense of the Company, to retain one law firm and other advisors.

ARTICLE III

MERGER; CONVERSION OF SECURITIES

3.01 *The Merger.*

(a) Upon the terms and subject to the conditions hereof, and in accordance with the provisions of the DGCL, Merger Sub shall be merged with and into the Company at the Effective Time. Following the Merger, the Company shall continue as the surviving corporation (the "*Surviving Corporation*") and shall continue its corporate existence under the Laws of the State of Delaware and the separate corporate existence of Merger Sub shall cease.

(b) Subject to the provisions of this Agreement, as soon as practicable following the satisfaction or waiver (by the parties) of the conditions set forth in Article VII, the parties to this Agreement shall cause the Merger to be consummated by filing with the Secretary of State of the State of Delaware (the "*Delaware Secretary of State*") a certificate of merger (the "*Certificate of Merger*") in such form as is required by and executed in accordance with Section 251 of the DGCL. The Merger shall become effective when the Certificate of Merger has been filed with the Delaware Secretary of State or at such later time as shall be agreed upon by Parent and the Company and specified in the Certificate of Merger (the "*Effective Time*").

(c) Notwithstanding anything herein to the contrary, in the event that Merger Sub shall acquire at least 90% of the outstanding Shares, Parent and the Company hereby agree to take all necessary and appropriate action to cause the Merger to become effective, without a meeting of the holders of Shares, in accordance with Section 253 of the DGCL as promptly as practicable.

(d) The Merger shall have the effects specified under the DGCL. As of the Effective Time, the Company shall be a direct or indirect wholly owned subsidiary of Parent.

3.02 *Certificate of Incorporation.* The Certificate of Incorporation of the Company in effect immediately prior to the Effective Time shall be, from and after the Effective Time, the Certificate of Incorporation of the Surviving Corporation (the "*Surviving Charter*"), until amended as provided in the Surviving Charter or by applicable Law.

3.03 *Bylaws.* The Company shall take all requisite action so that the Bylaws of Merger Sub in effect immediately prior to the Effective Time shall be, from and after the Effective Time, the Bylaws of the Surviving Corporation (the "*Surviving Bylaws*"), until amended in accordance with the Surviving Charter, the Surviving Bylaws or by applicable Law.

3.04 *Directors and Officers.*

(a) The Company shall take all requisite action so that the directors of Merger Sub immediately prior to the Effective Time shall be, from and after the Effective Time, the directors of the Surviving Corporation until their successors are duly elected and qualified or until their earlier death, resignation or removal in accordance with the Surviving Charter, the Surviving Bylaws and the DGCL.

(b) The officers of the Company immediately prior to the Effective Time shall be, from and after the Effective Time, the officers of the Surviving Corporation until their successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Charter, the Surviving Bylaws and the DGCL.

3.05 *Additional Actions.* If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any further deeds, assignments or assurances in Law or any other acts are necessary or desirable to (a) vest, perfect or confirm, of record or otherwise, in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of the Company or (b) otherwise carry out the provisions of this Agreement, the Company and its officers and directors shall be deemed to have granted to the Surviving Corporation an irrevocable power of

attorney to execute and deliver all such deeds, assignments or assurances in Law and to take all acts necessary, proper or desirable to vest, perfect or confirm title to and possession of such rights, properties or assets in the Surviving Corporation and otherwise to carry out the provisions of this Agreement, and the officers and directors of the Surviving Corporation are authorized in the name of the Company or otherwise to take any and all such action.

3.06 *Conversion of Shares.* At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or the holders of any of the following securities:

(a) each Share held immediately prior to the Effective Time by the Company or any wholly owned Subsidiary of the Company and each issued and outstanding Share owned by Parent, Merger Sub or any other Subsidiary of Parent shall be cancelled automatically and retired and shall cease to exist, and no payment or consideration shall be made with respect thereto;

(b) each issued and outstanding Share other than (i) Shares referred to in Section 3.06(a) and (ii) Dissenting Shares, shall be converted into the right to receive an amount in cash, without interest, equal to the Offer Price (the "*Merger Consideration*"). At the Effective Time, all such Shares shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate representing any such Shares immediately prior to the Effective Time shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration, without interest; and

(c) each share of capital stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one fully paid and nonassessable share of common stock, par value $1.00 per share, of the Surviving Corporation with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Corporation.

3.07 *Surrender and Payment.*

(a) Prior to the Effective Time, Merger Sub shall appoint a bank or trust company reasonably satisfactory to the Company to act as disbursing agent (the "*Disbursing Agent*") for the payment of Merger Consideration upon surrender of certificates representing the Shares. Prior to the Effective Time, Merger Sub will enter into a disbursing agent agreement with the Disbursing Agent, and Parent shall cause Merger Sub to deposit with the Disbursing Agent cash in an aggregate amount necessary to make the payments pursuant to Section 3.06(b) to holders of Shares (such amounts being hereinafter referred to as the "*Exchange Fund*") prior to the time such payments are to be made by the Disbursing Agent. For purposes of determining the amount to be so deposited, Merger Sub shall assume that no stockholder of the Company will perfect any right to appraisal of his, her or its Shares. The Disbursing Agent shall invest the Exchange Fund as directed by Merger Sub; *provided* that such investments shall be (i) direct obligations of the United States of America, (ii) obligations for which the full faith and credit of the United States of America is pledged to provide for the payment of principal and interest or (iii) commercial paper rated the highest quality by either Moody's Investors Services, Inc. or Standard & Poor's Corporation; *provided further* that no loss thereon or thereof shall affect the amounts payable to holders of Shares pursuant to Section 3.06(b). Any interest and other income resulting from such investment shall become a part of the Exchange Fund, and any amounts in excess of the amounts payable under Section 3.06(b) shall be promptly paid to Parent. Merger Sub shall, and Parent shall cause Merger Sub to, promptly replenish the Exchange Fund to the extent of any investment losses.

(b) Merger Sub shall instruct the Disbursing Agent to mail promptly after the Effective Time, but in any event no later than the fifth Business Day thereafter, to each person who was a record holder as of the Effective Time of an outstanding certificate or certificates which immediately prior to the

Effective Time represented Shares (the "*Certificates*"), and whose Shares were converted into the right to receive Merger Consideration pursuant to Section 3.06(b), a form of letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Disbursing Agent and shall be in such form and have such other provisions as are reasonable and customary in transactions such as the Merger) and instructions for use in effecting the surrender of the Certificates in exchange for payment of the Merger Consideration. Upon surrender of a Certificate to the Disbursing Agent for cancellation, together with such letter of transmittal duly executed and such other documents as may be reasonably required by the Disbursing Agent, the holder of such Certificate shall be entitled to receive in exchange therefor, the Merger Consideration payable in respect of that Certificate, less any required withholding of Taxes, and such Certificate shall forthwith be cancelled. No interest will be paid or accrued on the cash payable upon the surrender of the Certificates.

(c) If payment is to be made to a person other than the person in whose name the Certificate surrendered is registered, it shall be a condition of payment that the Certificate so surrendered be properly endorsed or otherwise be in proper form for transfer and that the person requesting such payment pay any transfer or other taxes required by reason of the payment to a person other than the registered holder of the Certificate surrendered or establish to the satisfaction of the Surviving Corporation that such tax has been paid or is not applicable.

(d) Until surrendered in accordance with the provisions of this Section 3.07, each Certificate (other than Certificates representing Shares owned by Parent, Merger Sub or any other Subsidiary of Parent, Shares held by the Company and Dissenting Shares) shall represent for all purposes, from and after the Effective Time, only the right to receive the applicable Merger Consideration.

(e) At and after the Effective Time, there shall be no registration of transfers of Shares which were outstanding immediately prior to the Effective Time on the stock transfer books of the Surviving Corporation. From and after the Effective Time, the holders of Shares outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such Shares except as otherwise provided in this Agreement or by applicable Law. The Merger Consideration paid upon the surrender of Certificates in accordance with the terms of this Article III shall be deemed to have been paid in full satisfaction of all rights pertaining to the Shares previously represented by such Certificates. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, such Certificates shall be cancelled and exchanged for cash as provided in this Article III. At the close of business on the day of the Effective Time the stock ledger of the Company shall be closed.

(f) Any portion of the Merger Consideration made available to the Disbursing Agent to pay for Shares for which appraisal rights have been perfected shall be returned to Parent upon demand. At any time more than nine months after the Effective Time, the Disbursing Agent shall upon demand of Parent deliver to it any funds which had been made available to the Disbursing Agent and not disbursed in exchange for Certificates (including all interest and other income received by the Disbursing Agent in respect of all such funds). Thereafter, holders of Certificates shall look only to the Surviving Corporation (subject to the terms of this Agreement, abandoned property, escheat and other similar Laws) as general creditors thereof with respect to any Merger Consideration that may be payable, without interest, upon due surrender of the Certificates held by them. Any amounts remaining unclaimed immediately prior to such time when such amounts would otherwise escheat or become the property of any governmental unit or agency, shall, to the extent permitted by applicable Law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto. Notwithstanding the foregoing, none of Parent, the Company, the Surviving Corporation or the Disbursing Agent shall be liable to any holder of a Certificate for any Merger Consideration delivered in respect of such Certificate of Shares to a public official pursuant to any abandoned property, escheat or other similar Law.

3.08 *Company Stock Options.*

(a) Each option to acquire Shares granted under any Company Option Plan or otherwise (each, a "*Company Stock Option*") that is outstanding immediately prior to the Effective Time shall be cancelled as of the Effective Time and, following such cancellation, shall solely represent the right to receive an amount in cash equal to (a) the Option Consideration with respect to such Company Stock Option multiplied by (b) the aggregate number of Shares then subject to such Company Stock Option. The Company shall, on or prior to the Effective Time, take all requisite action, if any, necessary to effect the option treatment set forth in the preceding sentence. Any payment made pursuant to this Section 3.08(a) to the holder of any Company Stock Option shall be reduced by any required income or employment Tax withholding. To the extent that any amounts are so withheld, those amounts shall be treated as having been paid to the holder of that Company Stock Option for all purposes under this Agreement. Parent shall cause the Surviving Corporation to make the payments in respect of the Company Stock Options as promptly as practicable following the Effective Time by wire transfers or checks payable to the holders of such Company Stock Options. The Company shall take all requisite action so that, immediately following the payments described in this Section 3.08(a), all Company Option Plans shall be terminated.

(b) Prior to the Effective Time, the Board of Directors of the Company, or an appropriate committee of non-employee directors of the Company, shall, if necessary, adopt a resolution consistent with the interpretive guidance of the SEC to approve the disposition by any officer or director of the Company who is a covered person of the Company for purposes of Section 16 under the Exchange Act ("*Section 16*") of Shares or Company Stock Options pursuant to this Agreement and the Merger for purposes of qualifying the disposition as an exempt transaction under Section 16.

3.09 *Dissenting Shares.*

(a) Notwithstanding anything in this Agreement to the contrary, Shares that are held by any record holder who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal rights in accordance with Section 262 of the DGCL (the "*Dissenting Shares*") shall not be converted into the right to receive the Merger Consideration but shall become the right to receive such consideration as may be determined to be due in respect of such Dissenting Shares pursuant to the DGCL; *provided, however*, that any holder of Dissenting Shares who shall have failed to perfect or shall have withdrawn or lost his rights to appraisal of such Dissenting Shares, in each case under the DGCL, shall forfeit the right to appraisal of such Dissenting Shares, and such Dissenting Shares shall be deemed to have been converted into the right to receive, as of the Effective Time, the Merger Consideration without interest. Notwithstanding anything to the contrary contained in this Section 3.09(a), if the Merger is rescinded or abandoned, then the right of any stockholder to be paid the fair value of such stockholder's Dissenting Shares shall cease. The Surviving Corporation shall comply with all of its obligations under the DGCL with respect to holders of Dissenting Shares.

(b) The Company shall give Parent (i) prompt written notice of any demands for appraisal, any withdrawals of such demands received by the Company and any other related instruments served pursuant to the DGCL and received by the Company and (ii) the opportunity to direct and participate in all negotiations and proceedings with respect to demands for appraisal under the DGCL. The Company shall not, except with the prior written consent of Parent, make any payment with respect to any demands for appraisal or negotiate, offer to settle or settle any such demands.

3.10 *Adjustments.* If during the period between the date of this Agreement and the Effective Time, any change in the outstanding Shares shall occur, including by reason of any reclassification, recapitalization, stock dividend, stock split or combination, exchange or readjustment of Shares, or any stock dividend thereon with a record date during such period, the Offer Price, the Merger Consideration and any other amounts payable pursuant to this Agreement, as the case may be, shall be appropriately adjusted.

3.11 *Withholding Rights.* Each of the Surviving Corporation and Parent shall be entitled to deduct and withhold, or cause the Disbursing Agent to deduct and withhold, from the consideration otherwise payable to any Person pursuant to this Article III, such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign tax Law. If the Surviving Corporation or Parent, as the case may be, so withholds amounts, such amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the Shares in respect of which the Surviving Corporation or Parent, as the case may be, made such deduction and withholding.

3.12 *Lost Certificates.* If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond, in such reasonable amount as the Surviving Corporation may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Disbursing Agent will pay, in exchange for such affidavit claiming such Certificate is lost, stolen or destroyed, the Merger Consideration to be paid in respect of the Shares represented by such Certificate, as contemplated by this Article III.

3.13 *Closing.* The Merger shall take place at 10:00 A.M. at the offices of Dorsey & Whitney LLP, 50 South Sixth Street, Minneapolis, Minnesota 55402 as soon as practicable, but in any event within three Business Days after the last of the conditions set forth in Article VII hereof is satisfied or waived or at such other time and date as the parties hereto shall agree in writing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Company Reports or the Company Disclosure Letter, the Company hereby represents and warrants to Parent and Merger Sub as set forth in this Article IV. Each item disclosed in the Company Disclosure Letter shall constitute an exception to the representations and warranties to which it makes reference and shall be deemed to be disclosed with respect to each section of the Company Disclosure Letter to which it relates and/or representation and warranty herein given, without the necessity of repetitive disclosure or cross-reference, so long as such item is fairly described with reasonable particularity and detail and such description provides a reasonable indication that the item applies to another schedule contained in the Company Disclosure Letter. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item is not deemed adequate to disclose an exception to a representation or warranty unless the representation or warranty relates solely to the existence of the document or other item itself.

4.01 *Corporate Existence and Power.* The Company is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so qualified would not, individually or in the aggregate, constitute a Company Material Adverse Effect. All such jurisdictions are identified on Schedule 4.01 of the Company Disclosure Letter.

4.02 *Corporate Authorization; Organizational Documents; and Minute Books.*

(a) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate power and authority and, except for any required approval by the Company's stockholders in connection with the consummation of the Merger, have been duly authorized by all necessary corporate action (including the unanimous vote of the Board of Directors of the Company) on the part of the

Company. This Agreement has been duly authorized, executed and delivered by the Company and (assuming the valid authorization, execution and delivery of this Agreement by Parent and Merger Sub) constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, moratorium or other similar Laws affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity.

(b) The Company has heretofore furnished to Parent complete and correct copies of the Certificate of Incorporation and the Bylaws or the equivalent organizational documents, in each case as amended or restated, of the Company and has heretofore made available to Parent complete and correct copies of the Certificates of Incorporation and the Bylaws or the equivalent organizational documents, in each case as amended or restated, of each of its Subsidiaries.

(c) The Company has made available to Parent correct and complete copies of the minutes of all meetings of the stockholders, the Board of Directors and each committee of the Boards of Directors of the Company and each of its Subsidiaries held since July 1, 2000.

4.03 *Governmental Authorization.* The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby do not require any consent, approval, authorization or permit of or other action by, or filing with or notification to, any Governmental Entity, other than (i) the filing of appropriate merger documents in accordance with the DGCL, (ii) compliance with any applicable requirements of the HSR Act or similar foreign antitrust Laws, the Exchange Act, the Securities Act and any applicable state securities or "*blue sky*" Laws, and (iii) such other consents, approvals, authorizations, permits, actions, filings or notifications, the failure of which to be made or obtained, individually or in the aggregate, would not constitute a Company Material Adverse Effect or have or reasonably be expected to have a material adverse effect on the ability of the Company to consummate the transactions contemplated by this Agreement.

4.04 *Non-Contravention.* The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) conflict with or result in any violation or breach of any provision of the Certificate of Incorporation or Bylaws of the Company, or other organizational documents of the Company or any of its Subsidiaries, (ii) assuming compliance with the matters referred to in Section 4.03, conflict with or result in a violation or breach of any provision of any material Law or Order binding upon or applicable to the Company or any of its Subsidiaries or any of their respective material assets, (iii) require any consent or other action by any Person under, constitute a default under or give rise to a right of termination, cancellation, change any material right or obligation or give rise to a right of acceleration of any right or obligation or to the loss of any benefit or material adverse modification of the effect (including an increase in the price paid by, or cost to, the Company or any of its Subsidiaries) of, or under any provision of any agreement or other instrument to which the Company is a party or that is binding upon the Company or any of its Subsidiaries or their respective properties or assets or any license, franchise, permit or other similar authorization held by the Company or any of its Subsidiaries or (iv) result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries, except for any occurrences or results referred to in clauses (iii) and (iv) that would not, individually or in the aggregate, constitute a Company Material Adverse Effect or have or reasonably be expected to have a material adverse effect on the ability of the Company to consummate the transactions contemplated by this Agreement.

4.05 *Capitalization.*

(a) The authorized capital stock of the Company consists of (i) 40,000,000 Common Shares and (ii) 1,000,000 shares of preferred stock, par value $1.00 per share (the "*Preferred Stock*"). As of the close of business on May 11, 2004, 13,335,564 Common Shares were issued and outstanding, 2,611,762

Common Shares were held by the Company in its treasury, and no shares of Preferred Stock were issued and outstanding. The Company has made available to Parent correct and complete copies of all Company Option Plans and all forms of options issued under those Company Option Plans. Schedule 4.05 of the Company Disclosure Letter sets forth: (i) the number of Shares subject to outstanding Company Stock Options as of the date hereof and (ii) the weighted average exercise price of such outstanding Company Stock Options.

(b) All of the outstanding shares of capital stock of the Company have been, and all Common Shares that may be issued pursuant to the exercise of Company Stock Options or under the Company Option Plans will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable, and have not been (and will not be) issued in violation of (nor are any of the authorized shares of capital stock subject to) any preemptive or similar rights created by statute, the Certificate of Incorporation or Bylaws of the Company, or any contract to which the Company is a party or by which its properties or assets are bound.

(c) Except for the Company Stock Options outstanding as of the date hereof or that may be issued in compliance with Section 6.01(e)(i)(y), there are no (i) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities or ownership interests in the Company, (ii) options (including stock option plans and programs), warrants, rights or other agreements or commitments to acquire from the Company, or obligations of the Company to issue, sell, deliver, exchange, convert, transfer or cause to be issued, sold, delivered, exchanged, converted or transferred, any capital stock, voting securities or other ownership interests in (or securities convertible into or exchangeable for capital stock or voting securities or other ownership interests in) the Company, (iii) obligations of the Company to grant, extend or enter into any subscription, warrant, right, convertible or exchangeable security or other similar agreement or commitment relating to any capital stock, voting securities or other ownership interests in the Company, (iv) bonds, debentures, notes or other indebtedness of the Company having the right to vote on any matters on which stockholders of the Company may vote or (v) obligations by the Company or any of its Subsidiaries to make any payments based on the price or value of the Common Shares. There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any capital stock of the Company or any securities listed in clauses (i), (ii), (iii) and (iv) of the preceding sentence. There are no outstanding stock appreciation rights or similar derivative securities or rights of the Company or any of its Subsidiaries.

(d) There are no voting trusts, proxies or similar agreements or understandings to which the Company or any Subsidiary is a party or to which any of them are bound with respect to the voting of any shares of capital stock of the Company or any Subsidiary and there are no contractual obligations or commitments of any character to which the Company or any Subsidiary is a party restricting the transfer of any shares of capital stock of the Company or any Subsidiary.

4.06 *Subsidiaries.*

(a) Each Subsidiary of the Company is a corporation or a general partnership duly incorporated or formed, as the case may be, validly existing and in good standing under the Laws of its jurisdiction of incorporation or formation, has all requisite corporate or partnership power and authority to own, lease and operate its properties and to carry on its business as now being conducted and is duly qualified to do business as a foreign corporation or partnership and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary, except for those jurisdictions where failure to be so qualified would not, individually or in the aggregate, constitute a Company Material Adverse Effect. All Subsidiaries of the Company and their jurisdictions of organization are set forth in Schedule 4.06 of the Company Disclosure Letter.

(b) Each Subsidiary of the Company is wholly owned by the Company, directly or indirectly, free and clear of any Lien and free and clear of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other ownership interests). There are no outstanding (i) securities of the Company or any of its Subsidiaries convertible into or exchangeable for shares of capital stock or other voting securities or ownership interests in any such Subsidiary of the Company, or (ii) options or other rights to acquire from the Company or any of its Subsidiaries, and no other obligation of the Company or any of its Subsidiaries to issue, any capital stock, voting securities or other ownership interests in, or any securities convertible into or exchangeable for any capital stock, voting securities or ownership interests in, any such Subsidiary of the Company (the items in clauses (i) and (ii) being referred to collectively as the "*Company Subsidiary Securities*"). There are no outstanding obligations of the Company or any of such Subsidiaries to repurchase, redeem or otherwise acquire any outstanding Company Subsidiary Securities.

(c) Except as disclosed in Schedule 4.06 of the Company Disclosure Letter, the Company does not directly or indirectly own any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any Person other than its Subsidiaries.

4.07 *SEC Reports; Financial Statements.*

(a) Since July 1, 2000, the Company and its Subsidiaries have timely filed all forms, reports, statements and other documents required to be filed with the SEC, including (i) all Annual Reports on Form 10-K, (ii) all Quarterly Reports on Form 10-Q, (iii) all proxy statements relating to meetings of stockholders (whether annual or special), (iv) all Current Reports on Form 8-K and (v) all other reports, schedules, registration statements or other documents (collectively referred to as the "*Company Reports*"). As of their respective dates, and giving effect to any amendments or supplements thereto filed prior to the date of this Agreement, the Company Reports (including any financial statements or schedules included or incorporated by reference therein) (i) complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as the case may be, and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The audited consolidated financial statements and unaudited consolidated interim financial statements of the Company and its consolidated Subsidiaries included or incorporated by reference in the Company Reports, including reports on Forms 10-K and 10-Q, as of their respective dates, and giving effect to any amendments or supplements thereto filed prior to the date of this Agreement, comply as to form in all material respects with the then applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, were prepared in accordance with generally accepted accounting principles in the United States ("*GAAP*") applied on a consistent basis (except as may be indicated in the notes thereto and except in the case of unaudited statements, as permitted by Form 10-Q under the Exchange Act), and fairly present, in all material respects, the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and their consolidated results of operations, changes in stockholders' equity and cash flows for the periods then ended (subject, in the case of any unaudited interim financial statements, to normal year-end adjustments, none of which have been and are reasonably likely to be materially adverse to the Company).

(c) There are no liabilities or obligations of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable, inchoate or otherwise (collectively, "*Liabilities*"), other than (i) Liabilities disclosed and provided for in the consolidated balance sheet of the Company as of March 27, 2004 set forth in the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2004 or in the notes thereto, (ii) Liabilities incurred in the ordinary course of business that would not, individually or in the aggregate, constitute a Company

Material Adverse Effect and (iii) other Liabilities incurred that would not, individually or in the aggregate, constitute a Company Material Adverse Effect.

4.08 *Absence of Certain Changes.* Since March 27, 2004 (i) the Company and its Subsidiaries have conducted their business in all material respects in the ordinary course consistent with past practices, (ii) there has not been any event or events constituting, individually or in the aggregate, a Company Material Adverse Effect and (iii) neither the Company nor any of its Subsidiaries have taken any action that would have required the consent of Parent had Section 6.01 been in effect as of March 27, 2004 (except that this representation shall not apply with respect to actions described in Section 6.01(f)(iii)).

4.09 *Litigation.* There is (a) no Proceeding, at Law or in equity (collectively, "*Legal Actions*"), (i) pending against or, to the Company's Knowledge, threatened against the Company or any of its Subsidiaries or (ii) to the Company's Knowledge, pending or threatened against any present or former officer, director or other Person for which the Company or any Subsidiary may be liable or to which any of their respective properties, assets or rights are reasonably likely to be subject before any Governmental Entity or arbitrator or (b) any Order outstanding against the Company or any of its Subsidiaries, except for such Proceedings and Orders that would not, individually or in the aggregate, constitute a Company Material Adverse Effect or have or reasonably be expected to have a material adverse effect on the ability of the Company to consummate the transactions contemplated by this Agreement.

4.10 *Benefit Plans.*

(a) Schedule 4.10 of the Company Disclosure Letter contains a true and complete list of each Benefit Plan, including all amendments thereto. The Company has, with respect to each Benefit Plan, if applicable, delivered or made available to Parent true and complete copies of: (i) all Benefit Plan texts and agreements and related trust agreements (or other funding vehicles); (ii) the most recent summary plan descriptions; (iii) the most recent annual report (including all schedules thereto); (iv) the most recent Form 5500 and attached schedules, annual audited financial statement and actuarial valuation report; (v) if the Benefit Plan is intended to qualify under Code Section 401(a), the most recent determination letter received from the Internal Revenue Service ("*IRS*"); and (vi) all material communications with any governmental entity or agency (including the Pension Benefit Guaranty Corporation and the IRS) given or received within the past year with respect to a Benefit Plan.

(b) No Benefit Plan is subject to either Code Section 412 or Title IV of ERISA and the Company and its ERISA Affiliates have not sponsored, maintained or contributed to, or had any obligation to sponsor, maintain or contribute to, any employee benefit plan subject to Title IV of ERISA within the last six years.

(c) Except for matters that would not, individually or in the aggregate, constitute a Company Material Adverse Effect, (i) each Benefit Plan is in compliance in all material respects with all applicable Laws, (ii) each Benefit Plan which is intended to qualify under Code Section 401(a) has been issued a favorable determination letter by the IRS and has not been amended in a manner, and no event has occurred since such date, which would cause any such plan to fail to remain so qualified, (iii) each Benefit Plan that requires registration with a relevant government body has been so registered and (iv) there are no actions, Liens, suits or claims (other than routine claims for benefits) pending or, to the Company's Knowledge, threatened with respect to any Benefit Plan.

(d) Except as may be required under Code Section 4980B or similar Law, the Company and its ERISA Affiliates do not provide or make available post-employment welfare benefits or welfare benefit coverage for any employee or former employee.

(e) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) (i) entitle

any current or former employee of the Company and its ERISA Affiliates to severance pay, unemployment compensation or any similar payment, (ii) except as set forth in Section 3.08(a), accelerate the time of payment or vesting, or increase the amount, of any compensation due to any current or former employee of the Company and its ERISA Affiliates or (iii) to the Company's Knowledge, constitute or involve a non-exempt prohibited transaction (as defined in ERISA Section 406 or Code Section 4975) or constitute or involve a breach of fiduciary responsibility within the meaning of ERISA Section 502(l) that would, individually or in the aggregate, constitute a Company Material Adverse Effect.

(f) No Benefit Plan is a "*multiemployer plan*" or "*multiple employer plan*" within the meaning of the Code or ERISA or the regulations promulgated thereunder.

(g) Neither the Company, its ERISA Affiliates nor any Benefit Plan, nor, to the Company's Knowledge, any "*disqualified person*" (as defined in Code Section 4975) or any "*party in interest*" (as defined in ERISA Section 3(18)), has engaged in any non-exempt prohibited transaction (within the meaning of Code Section 4975 or ERISA Section 406) with respect to a Benefit Plan that would constitute a Company Material Adverse Effect.

(h) No Benefit Plan will require immediate funding as a result of the consummation of the Offer or the Merger.

4.11 *Employee Relations.*

(a) Schedule 4.11 of the Company Disclosure Letter sets forth the number of employees in the aggregate and the number of full-time and part-time personnel of the Company and its Subsidiaries as of the close of business on April 26, 2004.

(b) (i) Each of the Company and its Subsidiaries is in substantial compliance with all federal, state and local, and, to the Company's Knowledge, foreign, Laws respecting employment and employment practices, terms and conditions of employment, wages and hours, and occupational health and safety, and has not and is not engaged in any unfair labor practice; (ii) no material unfair labor practice charge or complaint against the Company or any of its Subsidiaries is pending before the National Labor Relations Board or an equivalent tribunal under applicable foreign Law; (iii) there is no labor strike, slowdown, stoppage or material dispute pending or, to the Company's Knowledge, threatened against or involving the Company or any of its Subsidiaries; (iv) no union or works council represents, claims to represent, or has represented any employees of the Company or any of its Subsidiaries and no representation question exists respecting the employees of the Company or any of its Subsidiaries; (v) no collective bargaining agreement is currently being negotiated by the Company or any of its Subsidiaries and neither the Company nor any of its Subsidiaries is or has been a party to a collective bargaining agreement; and (vi) neither the Company nor any of its Subsidiaries has experienced any material labor difficulty during the last three years.

(c) The Company has not incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act, and the regulations promulgated thereunder (the "*WARN Act*") that remains unsatisfied or any liability or obligation that is material to the Company and its Subsidiaries, taken as a whole, under any similar state or local Law that remains unsatisfied.

4.12 *Taxes.*

(a) All Tax Returns required to be filed by or with respect to the Company or any of its Subsidiaries are true, correct and complete and have been timely filed. The Company and its Subsidiaries have fully and timely paid (or has had paid on their behalf) all Taxes owed by them (whether or not shown on any Tax Return) for all Tax periods and the Company and its Subsidiaries have made adequate provision as reflected on its balance sheet for the quarter ended March 27, 2004 for any Taxes that are not yet due and payable for all taxable periods, or portions thereof, ending on or before the Effective Time.

(b) No audit or Proceeding by any Governmental Entity is pending with respect to any Taxes due from or with respect to the Company or any of its Subsidiaries. No Governmental Entity has given written notice of its intention to audit, commence any Proceeding relating to Taxes or assert any deficiency or claim for additional Taxes against the Company or any of its Subsidiaries. No claim in writing has been made against the Company or any of its Subsidiaries by any Governmental Entity in a jurisdiction where the Company and its Subsidiaries do not file Tax Returns that the Company or any such Subsidiary is or may be subject to taxation by that jurisdiction. All deficiencies for Taxes asserted or assessed in writing against the Company or any of its Subsidiaries have been fully and timely paid, settled or properly reflected in the most recent financial statements contained in the Company Reports filed with SEC prior to the date hereof.

(c) Neither the Company nor any of its Subsidiaries has entered into an agreement or waiver extending any statute of limitations relating to the payment or collection of Taxes of the Company or any of its Subsidiaries.

(d) Neither the Company nor any of its Subsidiaries is a party to any contract, agreement or arrangement to share, allocate or indemnify another Person for Taxes except for a Person that is a member of the affiliated group (within the meaning of Section 1504(a) of the Code) of which the Company is the common parent.

(e) Neither the Company nor any of its Subsidiaries has constituted a "*distributing corporation*" or a "*controlled corporation*" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of shares qualifying for tax-free treatment under Section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution that could otherwise constitute part of a "*plan*" or "*series of related transactions*" (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

(f) There is no contract, plan or arrangement covering any Person that, individually or in the aggregate, could give rise to the payment of any amount that would not be deductible by Parent, the Company or any of their respective Subsidiaries by reason of Section 162(m) of the Code.

(g) No amounts payable by the Company or any of its Subsidiaries as a result of the transactions contemplated by this Agreement (either alone or in combination with another event) will constitute an "*excess parachute payment*" to a "*disqualified individual*" as those terms are defined in Section 280G of the Code.

(h) The Company is not a "*United States real property holding corporation*" within the meaning of Section 897(c)(2) of the Code and the rules and regulations promulgated thereunder.

(i) Neither the Company nor any of its Subsidiaries has entered into any transaction that constitutes (i) a "*reportable transaction*" within the meaning of Treasury Regulation Section 1.6011-4(b), (ii) a "*confidential tax shelter*" within the meaning of Treasury Regulation Section 301.6111-2(a)(2) or (iii) a "*potentially abusive tax shelter*" within the meaning of Treasury Regulation Section 301.6112-1(b).

4.13 *Environmental Matters.* Except for those matters that would not, individually or in the aggregate, constitute a Company Material Adverse Effect:

(a) The Company and each of its Subsidiaries have at all times since July 1, 2000 been operated, and are, in compliance with all applicable Environmental Laws, including all limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in all applicable Environmental Laws;

(b) The Company and each of its Subsidiaries have obtained, are in compliance with, and have made all appropriate filings for issuance or renewal of, all material permits, licenses, authorizations, registrations and other governmental consents required by applicable Environmental Laws, including those regulating emissions, discharges or releases of Hazardous Substances, or the use, storage, treatment, transportation, release, emission and disposal of raw materials, by-products, wastes and other substances used or produced by or otherwise relating to the business of the Company or any of its Subsidiaries;

(c) To the Company's Knowledge, none of the Company's and its Subsidiaries' owned or leased real property is contaminated with any Hazardous Substances in concentrations or locations that require reporting or remediation under applicable Environmental Laws;

(d) There are no claims, notices, civil, criminal or administrative actions, suits, investigations, inquiries or proceedings pending or, to the Company's Knowledge, threatened against the Company or any of its Subsidiaries alleging that the Company or any of its Subsidiaries is in violation of or otherwise subject to liability under applicable Environmental Laws;

(e) To the Company's Knowledge, there has been no release into the environment of, nor exposure of any person or property to, Hazardous Substances in connection with the properties and operations of the Company or any of its Subsidiaries that is reasonably likely to give rise to any material claim for remediation, damages or compensation; and

(f) The Company makes no representation or warranty other than in this Section 4.13 regarding Environmental Matters or compliance with or liabilities under Environmental Law.

4.14 *Real Property; Ownership of Premises.*

(a) (i) The Company and its Subsidiaries have good and marketable title to, or have a valid and enforceable right to use or a valid and enforceable leasehold interest in, all real property (including all buildings, fixtures and other improvements thereto) owned or used by them and material to the conduct of their respective businesses as such businesses are now being conducted, except for defects in title, rights to use or leasehold interests that would not, individually or in the aggregate, constitute a Company Material Adverse Effect; (ii) neither the Company's nor any of its Subsidiaries' ownership of or leasehold interest in any such property is subject to any Lien, except for Permitted Encumbrances; and (iii) all buildings, fixtures and improvements included in such property are in reasonably adequate condition and repair, normal wear and tear excepted, for the continued conduct of the business of the Company and its Subsidiaries in the manner in which it is currently conducted, except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect. The Company has heretofore provided to Parent information with respect to all leases and subleases for real property under which the Company and its Subsidiaries have the right to occupy space and which are identified by city and state under Part I, Item 2 of the Company's Form 10-K for the fiscal year ended June 28, 2003. All copies of real property leases provided to Parent are complete and correct.

(b) (i) The Company and its Subsidiaries have good title to, or in the case of leased property and assets, valid leasehold interests in, all of their tangible personal properties and assets, used or held for use in their business, and such properties and assets, are free and clear of any Liens, except for Permitted Encumbrances, those Liens as are set forth in Schedule 4.14 of the Company Disclosure

Letter; and (ii) all tangible personal property, fixtures, Facilities, machinery and equipment of the Company and its Subsidiaries are in reasonably adequate condition and repair, normal wear and tear excepted, for the continued conduct of the business of the Company and its Subsidiaries in the manner in which it is currently conducted, except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect.

(c) Neither the Company nor any Subsidiary is obligated under any option, right of first refusal or other contractual right to purchase, acquire, sell or dispose of any real property or any portion thereof or interest therein.

4.15 *Compliance with Laws; Government Approvals.*

(a) The Company and each of its Subsidiaries is and at all times since July 1, 2000 has been in compliance in all material respects with, and to the Company's Knowledge, is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any Law or Order, applicable to the Company or any of its Subsidiaries or by which any property, asset or operation of the Company or any of its Subsidiaries is bound or effected.

(b) (i) The Company and its Subsidiaries hold all consents, permits, licenses, variances, exemptions, and approvals from Governmental Entities that are necessary or required for the operation of the businesses of the Company and its Subsidiaries as currently conducted (collectively, the "*Company Permits*"); (ii) the Company and its Subsidiaries are in compliance in all material respects with the terms of the Company Permits; and (iii) no suspension or cancellation of any of the Company Permits is pending or, to the Company's Knowledge, threatened.

4.16 *Books and Records.* The Company and each of its Subsidiaries has made and kept books, records and accounts which, in reasonable detail, accurately and fairly reflect its transactions. The Company and each of its Subsidiaries maintains a system of accounting controls sufficient to provide reasonable assurances that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary (i) to permit preparation of financial statements in conformity with GAAP and (ii) to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

4.17 *Insurance.* The Company and its Subsidiaries maintain policies or binders of insurance with reputable insurance companies covering such risks and events, including personal injury, property damage and general liability in amounts the Company believes is reasonably adequate in all material respects for its business and operations.

4.18 *Absence of Sensitive Payments.* To the Company's Knowledge, none of the Company, or any Subsidiary or any officer or director of any of them acting alone or together, has made or given any contribution, payment, remuneration, gift or other form of economic benefit (a "*Payment*") to or for the private use of any governmental official, employee, agent or candidate where the Payment or the purpose of the Payment was illegal under the Laws of the United States or the jurisdiction in which the Payment was made.

4.19 *Contracts.* As of the date hereof, neither the Company nor any of its Subsidiaries is a party to or bound by any contract, agreement or arrangement (a) materially restricting its ability to compete in or conduct any line of business or to engage in business in any significant geographic area, (b) relating to indebtedness for borrowed money providing for payment or repayment by it, in each case, in excess of $10 million, (c) providing for any joint venture, partnership, strategic alliance or similar arrangement by it material to the Company and its Subsidiaries, taken as a whole, (d) providing for the disposition or acquisition of material assets by it not in the ordinary course of business, (e) providing for "*performance guarantees*" or contingent payments by it, in each case, in excess of

$10 million over the term thereof, (f) providing for requirements by it, in each case, in excess of $10 million over the term thereof or (g) providing for any Derivative Transactions by it.

4.20 *Intellectual Property.*

(a) The Company and its Subsidiaries own or have the right to use all Company Intellectual Property necessary to carry on their respective businesses as currently conducted, except where, individually or in the aggregate, such failure would not constitute a Company Material Adverse Effect. As used in this Agreement, "*Company Intellectual Property*" means all trademarks, service marks, trade names, Internet domain names, designs, logos, slogans and general intangibles of like nature, together with goodwill, registrations and applications relating to the foregoing; patents, copyrights (including registrations and applications for any of the foregoing); computer programs, including any and all databases and compilations, including any and all data and collections of data; trade secrets; and any other know-how, methods, concepts, or other proprietary rights owned by the Company and its Subsidiaries or held for use or used in the business of the Company and its Subsidiaries as conducted as of the date thereof, or as presently contemplated to be conducted and any licenses to use any of the foregoing. Schedule 4.20 of the Company Disclosure Letter sets forth a true and complete list of all material trademarks, service marks, trade names, Internet domain names, patents, copyrights (including registrations and applications for any of the foregoing) owned by the Company and its Subsidiaries, including the jurisdictions in which each such Company Intellectual Property right has been issued or registered or in which any application for such issuance and registration has been filed and the owner of such Company Intellectual Property.

(b) Neither the Company nor its Subsidiaries have received written notice from any third party regarding any actual or potential infringement or misappropriation, or other violations, by the Company or any of its Subsidiaries of any intellectual property of such third party, nor has the Company or any Subsidiary received any demand or request that it license any rights from any third party in order to continue to use the Company Intellectual Property, except where, individually or in the aggregate, such demands or requests would not constitute a Company Material Adverse Effect.

(c) (i) Neither the Company nor its Subsidiaries have received written notice from any third party regarding any assertion or claim challenging the validity of any Company Intellectual Property, and (ii) to the Company's Knowledge no third party is misappropriating, infringing, or diluting any Company Intellectual Property that is owned by the Company or that is material to the Company's operations, except where, individually or in the aggregate, such misappropriation, infringement, or dilution would not constitute a Company Material Adverse Effect.

(d) All of the issued, registered or applied for Company Intellectual Property owned by the Company or any of its Subsidiaries is held of record in the name of the Company or the applicable Subsidiary free and clear of all Liens.

(e) To the Company's Knowledge, the transactions contemplated by this Agreement will have no material adverse effect on the Company's right, title and interest in and to the Company Intellectual Property except to the extent that consent to the transfer of licensed Company Intellectual Property is not obtained prior to the Effective Time. The Company has taken commercially reasonable actions to maintain and protect the Company Intellectual Property so as to not materially adversely affect its validity or enforceability.

4.21 *Proxy Statement; Offer Documents; Schedule TO; Schedule 14D-9.*

(a) Each document required to be filed by the Company with the SEC or required to be distributed or otherwise disseminated to the Company's stockholders in connection with the transactions contemplated by this Agreement (the "*Company Disclosure Documents*"), including the Schedule 14D-9, the proxy or information statement of the Company (the "*Proxy Statement*"), if any, to be filed with the SEC in connection with the Merger, and any amendments or supplements thereto,

when filed, distributed or disseminated, as applicable, will comply as to form in all material respects with the applicable requirements of the Exchange Act. The representations and warranties contained in this Section 4.21(a) do not apply to statements or omissions included in the Company Disclosure Documents based upon information furnished to the Company by Parent specifically for use therein.

(b) (i) The Proxy Statement, as supplemented or amended, if applicable, at the time such Proxy Statement or any amendment or supplement thereto is first mailed to stockholders of the Company and at the time such stockholders vote on adoption of this Agreement, and (ii) any Company Disclosure Documents (other than the Proxy Statement), at the time of the filing of such Company Disclosure Document or any supplement or amendment thereto and at the time of any distribution or dissemination thereof, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 4.21(b) will not apply to statements or omissions included in the Company Disclosure Documents based upon information furnished to the Company by Parent specifically for use therein.

(c) None of the information with respect to the Company or any of its Subsidiaries or Affiliates that the Company furnishes to Parent for use in the Offer Documents, at the time of the filing thereof, at the time of any distribution or dissemination thereof and at the time of the consummation of the Offer, will contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

4.22 *Finders and Investment Bankers.* Except for Morgan Stanley & Co. Incorporated ("*Morgan Stanley*"), whose fees will be paid by the Company pursuant to an engagement letter, a true and complete copy of which has previously been provided to Parent, there is no investment banker, broker or finder which has been retained by or is authorized to act on behalf of the Company or any of its Subsidiaries who might be entitled to fee or commission in connection with the transactions contemplated by this Agreement. Neither the Company nor any of its Subsidiaries has entered into any contract, arrangement or understanding to pay any fee or commission to any investment banker, broker, finder or other intermediary on behalf of any significant stockholders of the Company in their capacity as stockholders of the Company in connection with the transactions contemplated by this Agreement.

4.23 *Opinion of Financial Advisor.* The Board of Directors of the Company has received the written opinion of Morgan Stanley to the effect that, as of the date of this Agreement, the consideration to be received in the Offer and the Merger by the holders of Shares (other than Parent or its Affiliates) is fair to such holders from a financial point of view and the Company has obtained all necessary consents to permit the inclusion of the fairness opinion of Morgan Stanley in the Schedule 14D-9 and the Proxy Statement.

4.24 *Vote Required.* The only vote of the holders of any class or series of Company capital stock, if any, necessary to approve or adopt the Merger is the affirmative vote of the holders of two-thirds of the outstanding Common Shares and no other vote of the holders of any class or series of the capital stock of the Company is necessary to approve the other transactions contemplated hereby.

4.25 *Anti-takeover Plan; State Takeover Statutes.*

(a) Except for the Company Rights Agreement, neither the Company nor any Subsidiary of the Company has in effect any stockholder rights plan or similar device or arrangement, commonly or colloquially known as a "*poison pill*" or "*anti-takeover*" plan or any similar plan, device or arrangement and the Board of Directors of the Company has not adopted or authorized the adoption of such a plan, device or arrangement. A correct and complete copy of the Company Rights Agreement, together with all amendments thereto, as in effect on the date hereof, has been made available to Parent.

(b) The Board of Directors of the Company has taken all necessary action (including any amendment thereof) under the Company Rights Agreement (without redeeming the Rights) so that none of the execution or delivery of this Agreement, the making or consummation of the Offer (including the acquisition of Shares pursuant to the Offer under this Agreement), the consummation of the Merger or any other transaction contemplated hereby will cause (i) the Rights to become exercisable under the Company Rights Agreement or to separate from the stock certificates to which they are attached, (ii) a Flip-In Date (as defined in the Company Rights Agreement) or Stock Acquisition Date (as defined in the Company Rights Agreement) to occur or (iii) Parent, Merger Sub or any of their Affiliates to be deemed an Acquiring Person (as defined in the Company Rights Agreement). The Company Rights Agreement will expire immediately prior to the Effective Time; and the Company Rights Agreement, as so amended, has not been further amended or modified.

(c) Prior to the date hereof, the Board of Directors of the Company has taken all necessary action to ensure that the restriction on business combinations contained in Section 203 of the DGCL will not apply to this Agreement, the Offer, the Merger or the other transactions contemplated by this Agreement. To the Company's Knowledge, no "*moratorium*," "*control share acquisition*," "*business combination*," "*fair price*" or other form of anti-takeover Laws and regulations applies or purports to apply to the Offer, the Merger, this Agreement or any of the transactions contemplated by this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PARENT

Parent hereby represents and warrants to the Company as follows:

5.01 *Corporate Existence and Power.* Parent is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Minnesota, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Merger Sub is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to do so would not, individually or in the aggregate, constitute a Parent Material Adverse Effect. Merger Sub has not engaged and will not engage in any activities other than in connection with or as contemplated by this Agreement and the transactions contemplated hereby. The copies of the charter and bylaws of Parent and Merger Sub that have been made available to the Company are complete and correct and in full force and effect.

5.02 *Corporate Authorization.* The execution, delivery and performance by Parent and Merger Sub of this Agreement and the consummation by Parent and Merger Sub of the transactions contemplated hereby are within Parent's and Merger Sub's corporate power and authority and have been duly authorized by all necessary corporate action on the part of Parent and Merger Sub. This Agreement has been duly authorized, executed and delivered by Parent and Merger Sub and (assuming the valid authorization, execution and delivery of this Agreement by the Company) constitutes a legal, valid and binding obligation of Parent and Merger Sub enforceable against Parent and Merger Sub in accordance with its terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, moratorium or other similar Laws affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity. Each of Parent, in its capacity as sole stockholder of Merger Sub, and Merger Sub has adopted and approved this Agreement and declared the Merger advisable, and no further corporate or stockholder action is required on the part of Parent or Merger Sub in connection with the consummation of the Merger other than the filing of the Certificate of Merger as contemplated by this Agreement.

5.03 *Governmental Authorization.* The execution, delivery and performance by Parent and Merger Sub of this Agreement and the consummation of the transactions contemplated hereby do not require any consent, approval, authorization or permit of or other action by, or filing with or notification to, any Governmental Entity other than (i) the filing of appropriate merger documents in accordance with the DGCL, (ii) compliance with any applicable requirements of the HSR Act or similar foreign antitrust Laws, the Exchange Act, the Securities Act and any applicable state securities or "*blue sky*" Laws and (iii) such other consents, approvals, authorizations, permits, actions, filings or notifications, the failure of which to be made or obtained, individually or in the aggregate, would not constitute a Parent Material Adverse Effect or have or reasonably be expected to have a material adverse effect on the ability of Parent or Merger Sub to consummate the transactions contemplated by this Agreement.

5.04 *Non-Contravention.* The execution, delivery and performance by Parent and Merger Sub of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) conflict with or result in any violation or breach of any provision of the Certificate of Incorporation or Bylaws of Parent or Merger Sub or other organizational documents of Parent or Merger Sub, (ii) assuming compliance with the matters referred to in Section 5.03, conflict with or result in a violation or breach of any provision of any material Law or Order binding upon or applicable to Parent or Merger Sub or any of their respective material assets, (iii) require any consent or other action by any Person under, constitute a default under or give rise to a right of termination, cancellation or acceleration of any right or obligation or to the loss of any benefit or material adverse modification of the effect (including an increase in the price paid by, or cost to, Parent or Merger Sub) of, or under any provision of any agreement or other instrument to which Parent or Merger Sub is a party or that is binding upon Parent or Merger Sub or their respective properties or assets or any license, franchise, permit or other similar authorization held by Parent or Merger Sub or (iv) result in the creation or imposition of any Lien on any asset of Parent or Merger Sub, except for any occurrences or results referred to in clauses (iii) and (iv), that would not, individually or in the aggregate, constitute a Parent Material Adverse Effect or have or reasonably be expected to have a material adverse effect on the ability of Parent or Merger Sub to consummate the transactions contemplated by this Agreement.

5.05 *Disclosure Documents*.

(a) Each of the Offer Documents when filed with the SEC, distributed or disseminated, as applicable, will comply as to form in all material respects with the applicable requirements of the Exchange Act. The representations and warranties contained in this Section 5.05(a) do not apply to statements or omissions included in the Offer Documents based upon information furnished to Parent by the Company specifically for use therein.

(b) The Offer Documents at the time such Offer Documents are filed with the SEC, at the time of any distribution or dissemination thereof and at the time of the consummation of the Offer will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 5.05(b) do not apply to statements or omissions included in the Offer Documents based upon information furnished to Parent by the Company specifically for use therein.

(c) None of the information with respect to Parent or Merger Sub or any of their respective Subsidiaries or Affiliates that Parent furnishes to the Company for use in the Company Disclosure Documents, at the time of the filing thereof, at the time of any distribution or dissemination thereof, at the time of the consummation of the Offer and at the time such stockholders vote on adoption of this Agreement will contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

5.06 *Financing.* Parent has sufficient funds (through internal funds, existing credit arrangements and/or a signed commitment letter) to (a) pay the Offer Price pursuant to the Offer on the Acceptance Date and (b) pay the Merger Consideration pursuant to the Merger at the Effective Time.

5.07 *No Ownership of Shares.* Neither Parent nor any of its Subsidiaries owns any Shares or other securities convertible into Shares.

ARTICLE VI

COVENANTS

6.01 *Conduct of the Company.* Except as expressly contemplated by this Agreement or set forth in Schedule 6.01 of the Company Disclosure Letter, from the date hereof until the Effective Time, the Company and its Subsidiaries shall conduct their business in all material respects in the ordinary course consistent with past practice, and shall use their commercially reasonable efforts to preserve intact their business organizations and relationships with third parties in all material respects and to keep available the services of their present officers and Key Employees. Except as otherwise expressly approved in writing by Parent, as expressly contemplated or specifically permitted by this Agreement or as set forth in Schedule 6.01 of the Company Disclosure Letter, and without limiting the generality of the foregoing, from the date hereof until the Effective Time or the date, if any, on which this Agreement is terminated pursuant to Section 8.01:

(a) the Company shall not, and shall not permit any of its Subsidiaries to, adopt or propose any change in its Certificate of Incorporation or Bylaws or comparable charter or other organization documents or the terms of any outstanding security;

(b) the Company shall not, and shall not permit any of its Subsidiaries to, acquire or agree to acquire or lease (i) by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, joint venture, association or other business organization or division thereof or (ii) any assets other than assets that are used in the ordinary course of business consistent with past practice;

(c) the Company shall not, and shall not permit any of its Subsidiaries to, sell, lease, mortgage or otherwise encumber or subject to any Lien or otherwise dispose of any material properties or assets, or stock or other ownership interests in any of its properties or Subsidiaries other than (i) in the ordinary course of business substantially consistent with past practice, (ii) pursuant to any agreements existing as of the date hereof which are set forth in Schedule 6.01(c) of the Company Disclosure Letter and (iii) any Permitted Encumbrances;

(d) the Company shall not, and shall not permit any of its Subsidiaries to declare, set aside, or pay any dividends or make any distributions on shares of capital stock other than dividends or distributions by any wholly owned Subsidiary of the Company to the Company or another wholly owned Subsidiary;

(e) the Company shall not, and shall not permit any of its Subsidiaries to, (i) issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any capital stock of the Company or any Company Subsidiary Securities, or any security convertible into or exercisable for either of the foregoing other than the issuance of (x) Shares upon the exercise of Company Stock Options that have been granted prior to the date of this Agreement and (y) Company Stock Options granted with per share fair market value "*strike*" or exercise prices to newly hired employees in amounts consistent with past practice and not in the aggregate covering more than 10,000 Common Shares, (ii) split, combine or reclassify any capital stock of the Company or any of its Subsidiaries or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of capital stock of the Company or any of its Subsidiaries or (iii) except as disclosed in Schedule 4.05 of the Company Disclosure Letter, repurchase, redeem or otherwise acquire any

shares of capital stock of the Company or any of its Subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

(f) the Company shall not, and shall not permit any of its Subsidiaries to, (i) enter into, or amend, modify, or terminate, or make any commitment in respect of, any contract or agreement that is material to the business, properties, assets, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, except in the ordinary course of business consistent with past practice, (ii) enter into any contract or agreement that limits or otherwise restrains the Company or any of its Subsidiaries from competing in or conducting any line of business or engaging in business in any significant geographic area, or (iii) enter into any contract or agreement that is not terminable by the Company or such Subsidiary within one year from the execution thereof;

(g) the Company shall not, and shall not permit any of its Subsidiaries to, (i) incur any indebtedness for borrowed money or guarantee any indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of the Company or any of its Subsidiaries, enter into any "*keep well*" or other agreement to maintain any financial statement condition of another Person or enter into any arrangement having the economic effect of any of the foregoing, except for borrowings under its existing line of credit for working capital purposes and the endorsement of checks in the normal course of business, or (ii) make any loans, advances or capital contributions to, or investments in, any other Person, other than to the Company or any direct or indirect wholly owned Subsidiary of the Company and other than in the ordinary course of business consistent with past practice;

(h) except as may be required by applicable Law or existing contract set forth in Schedule 6.01(h) of the Company Disclosure Letter, the Company shall not, and shall not permit any of its Subsidiaries to, (i) increase the compensation payable or to become payable to its officers, directors or Key Employees, (ii) grant any severance or termination pay to officers, directors or Key Employees, (iii) enter into, modify or amend any employment, severance or consulting agreement with any stockholder or current or former director, officer or other employee of the Company or any Subsidiary or (iv) establish, adopt, enter into or amend in any material respect, any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any current or former director, officer or employee;

(i) except as may be required as a result of a change in Law or in GAAP or a change in order to comply with SEC requirements, the Company shall not, and shall not permit any of its Subsidiaries to, change in any material respect any of its accounting or Tax accounting policies or its procedures (including procedures with respect to the payment of accounts payable and collection of accounts receivable);

(j) the Company shall not, and shall not permit any of its Subsidiaries to, enter into or make any contract or commitment (including in respect of capital expenditures) or series of related contracts or commitments involving payments in excess of the amount in the Company's 2004 capital expenditures plan previously provided to Parent;

(k) without the prior written consent of Parent, which shall not be unreasonably withheld or delayed and in which decision reasonability regarding whether or not to withhold consent shall be determined based upon what is in the reasonable best interests of the Company, the Company shall not, and shall not permit any of its Subsidiaries to, enter into any Derivative Transactions;

(l) the Company shall use its commercially reasonable efforts to ensure that it and each of its Subsidiaries keep or cause to be kept in force its material insurance policies (or substantial equivalents thereof);

(m) the Company shall not, and shall not permit any of its Subsidiaries to, waive, release, assign, settle or compromise any material Legal Actions, including any material Tax Proceedings, not covered by insurance, except to the extent such waivers, releases, assignments, settlements or compromises do not involve the payment of more than $1.0 million in the aggregate;

(n) the Company shall not, and shall not permit any of its Subsidiaries to, adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or reorganization;

(o) the Company shall not, and shall not permit any of its Subsidiaries to, engage in any transaction with, or enter into any agreement, arrangement, or understanding with, directly or indirectly, any of their respective Affiliates, including any transactions, agreements, arrangements or understandings with any Affiliate or other Person covered under Item 404 of Regulation S-K under the Securities Act, that would be required to be disclosed under Item 404;

(p) the Company shall not, and shall not permit any of its Subsidiaries to, effectuate a "*plant closing*" or "*mass layoff*," as those terms are defined in the WARN Act, affecting in whole or in part any site of employment, facility, operating unit or employee of the Company or any of its Subsidiaries;

(q) the Company shall not, and shall not permit any of its Subsidiaries to, agree or commit to do any of the foregoing; and

(r) the Company shall not, and shall not permit any of its Subsidiaries to, take any action that would result in the breach of any representation and warranty of the Company hereunder (except for representations and warranties made as of a specific date) such that Parent would have the right to terminate this Agreement pursuant to Section 8.01(d).

Nothing contained in this Agreement shall give Parent, directly or indirectly, rights to control or direct the Company's operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of the Company's operations.

6.02 *Access to Information.* From the date hereof until the Effective Time (or termination of this Agreement), the Company shall give Parent, its counsel, financial advisors, auditors and other authorized Representatives full access at reasonable times to the offices, properties, permits, files, books and records of the Company and its Subsidiaries, will furnish to Parent, its counsel, financial advisors, auditors and other authorized Representatives such financial and operating data and other information as such Persons may reasonably request and will instruct the Company's employees, counsel and financial advisors to cooperate with Parent in its investigation of the operations, business and/or properties of the Company and its Subsidiaries, including in connection with any environmental assessment or assessments (which may include visual and physical inspections but shall not include testing unless specifically authorized by the Company); *provided* that no investigation pursuant to this Section 6.02 shall affect any representation or warranty given by the Company to Parent hereunder and nothing herein shall require the Company or any of its Subsidiaries to disclose any information that would cause a violation of Law or any confidentiality agreement in effect as of the date of this Agreement or waive any attorney-client privilege. All nonpublic information provided to, or obtained by, Parent in connection with the transactions contemplated hereby shall be "*Confidential Information*" for purposes of the Confidentiality Agreement dated February 12, 2004 between Parent and the Company (the "*Confidentiality Agreement*"); *provided, however*, that notwithstanding anything to the contrary contained in the Confidentiality Agreement or this Agreement, nothing shall prohibit Parent

or Merger Sub from including, after prior consultation with the Company or its Representatives, in the Schedule TO, the Offer to Purchase, the other Tender Offer Documents or the Proxy Statement, any information that is required by Law to be disclosed therein in connection with the purchase of Shares or the solicitation of proxies in connection with the Offer and the Merger, respectively.

6.03 *No Solicitation.*

(a) From the date of this Agreement until the Effective Time or the termination of this Agreement in accordance with Article VIII, except as specifically permitted in Sections 6.03(d) or 6.03(f), the Company shall not, nor shall it authorize or permit any of its Subsidiaries or its or their Representatives to, directly or indirectly: (i) solicit, initiate or knowingly encourage any inquiries, offers or proposals that constitute, or are reasonably likely to lead to, any Acquisition Proposal; (ii) engage in discussions or negotiations with, furnish or disclose any information or data relating to the Company or any of its Subsidiaries to, or give access to the assets or the books and records of the Company or its Subsidiaries to, any Person that has made or, to the Company's Knowledge, may be considering making any Acquisition Proposal; (iii) approve, endorse or recommend any Acquisition Proposal; or (iv) enter into any agreement in principle, arrangement, understanding or contract for any Acquisition Proposal.

(b) The Company shall, and shall cause each of its Subsidiaries and instruct its Representatives to, immediately cease any existing solicitations, discussions, negotiations or other activity with any Person being conducted with respect to any Acquisition Proposal on the date hereof. The Company shall promptly inform its Representatives who have been engaged or are otherwise providing assistance in connection with the transactions contemplated by this Agreement of the Company's obligations under this Section 6.03, and any breach of this Section 6.03(b) by any of such Representatives, including any failure of any such Representative to comply with the instructions referred to above, which results in the Company receiving any Acquisition Proposal from any Person shall be deemed to be a breach by the Company of this Section 6.03.

(c) The Company shall notify Parent as soon as practicable (but in any event orally within 24 hours, to be followed by prompt written notice) after receipt of (i) any Acquisition Proposal or indication from any Person that it intends to make, or is considering making, an Acquisition Proposal or (ii) any request for non-public information relating to the Company or any of its Subsidiaries or for access to the assets or the books and records of the Company or its Subsidiaries by any Person that the Company reasonably believes is reasonably likely to lead to an Acquisition Proposal. The Company shall provide Parent with a description of the material terms of such Acquisition Proposal or request. The Company shall keep Parent informed on a reasonably current basis of the status and the material terms of any such Acquisition Proposal, indication or request.

(d) Notwithstanding the foregoing, prior to the Acceptance Date, nothing in this Agreement shall prevent the Company or its Board of Directors from:

(i) engaging in discussions or negotiations with, or furnishing or disclosing any information or data relating to the Company or any of its Subsidiaries to, or giving access to the assets or the books and records of the Company or any of its Subsidiaries to, any Person who, after the date hereof, makes a bona fide written Acquisition Proposal not solicited after the date hereof in violation of Section 6.03(a)(i) if (x) the Board of Directors, acting in good faith and by a majority of the entire Board of Directors, has (A) determined, after consultation with its financial advisor, that such Acquisition Proposal is reasonably likely to result in a Superior Proposal and (B) determined, after consultation with its outside legal counsel, that the failure to take such action is reasonably likely to result in a breach of its fiduciary obligations to the stockholders of the Company under applicable Laws (in each case, taking into account any adjustments to the terms and conditions of this Agreement, the Offer or the Merger offered in writing by Parent in response to such Acquisition Proposal) and (y) the Company enters into a confidentiality agreement with such Person; *provided* that, to the extent such confidentiality agreement is on terms

and conditions materially more favorable to such Person than those contained in the Confidentiality Agreement, the Confidentiality Agreement shall be deemed amended to contain such materially more favorable terms; and

(ii) subject to compliance with Section 6.03(d)(i), approving, endorsing or recommending an Acquisition Proposal, or entering into any agreement in principle, arrangement, understanding or contract for an Acquisition Proposal, if (x) the Board of Directors, acting in good faith and by a majority of the entire Board of Directors, has (A) determined, after consultation with its financial advisor, that such Acquisition Proposal constitutes a Superior Proposal and (B) determined, after consultation with its outside legal counsel, that the failure to take such action is reasonably likely to result in a breach of its fiduciary obligations to the stockholders of the Company under applicable Laws and (y) the Company terminates this Agreement pursuant to, and after complying with, Section 8.01(f).

(e) If the Company or any of its Subsidiaries or its or their Representatives receives a request for information from a Person who has made an unsolicited bona fide Acquisition Proposal involving the Company and the Company is permitted to provide such Person with information pursuant to this Section 6.03, the Company will provide to Parent a copy of the confidentiality agreement with such Person promptly upon its execution and provide to Parent a list of, and copies of, the information provided to such Person promptly after its delivery to such Person and promptly provide Parent with access to all information to which such Person was provided access, in each case only to the extent not previously provided to Parent.

(f) Notwithstanding the foregoing, (i) the Board of Directors of the Company shall be permitted to disclose to the stockholders of the Company a position with respect to an Acquisition Proposal required by Rule 14e-2(a), Item 1012(a) of Regulation M-A or Rule 14d-9 promulgated under the Exchange Act and (ii) the Board of Directors of the Company may withdraw, modify or amend the recommendation of the Offer, the Merger and this Agreement by the Board of Directors of the Company at any time if, in each case, it determines, after consultation with its outside legal counsel, that the failure to take such action is reasonably likely to result in a breach of its fiduciary obligations to the stockholders of the Company under applicable Laws.

6.04 *Notices of Certain Events; Consultation.*

(a) The Company shall as promptly as reasonably practicable notify Parent of: (i) any notice or other communication of which the Company has Knowledge from any Person alleging that the consent of such Person (or another Person) is or may be required in connection with the transactions contemplated by this Agreement; (ii) any notice or other communication of which the Company has Knowledge from any Governmental Entity in connection with the transactions contemplated by this Agreement; (iii) any actions, suits, claims, investigations or proceedings commenced or, to the Company's Knowledge, threatened against, relating to or involving or otherwise affecting the Company or any of its Subsidiaries that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.09 or which relate to the consummation of the transactions contemplated by this Agreement; and (iv) any fact or occurrence between the date of this Agreement and the Effective Time of which it has Knowledge which makes any of its representations contained in this Agreement untrue in any material respect or causes any material breach of its obligations under this Agreement.

(b) Each of Parent and Merger Sub shall as promptly as reasonably practicable notify the Company of: (i) any notice or other communication of which Parent has Knowledge from any Person alleging that the consent of such Person (or other Person) is or may be required in connection with the transactions contemplated by this Agreement; (ii) any notice or other communication of which Parent has Knowledge from any Governmental Entity in connection with the transactions contemplated by this Agreement; (iii) any actions, suits, claims, investigations or proceedings commenced or, to the

Knowledge of Parent, threatened in writing which relate to the consummation of the transactions contemplated by this Agreement and (iv) any fact or occurrence between the date of this Agreement and the Effective Time of which it becomes aware which makes any of its representations contained in this Agreement untrue in any material respect or causes any material breach of its obligations under this Agreement.

(c) The Company shall notify Parent prior to filing any Company Reports after the date of this Agreement.

6.05 *Merger Sub; Actions by Parent.* Parent will take all action necessary (a) to cause Merger Sub to perform its obligations under this Agreement and to commence the Offer and consummate the Merger on the terms and conditions set forth in this Agreement (including to the extent permitted under the DGCL, in accordance with Section 253 of the DGCL) as promptly as reasonably practicable following completion of the Offer and (b) to ensure that, prior to the Effective Time, Merger Sub shall not conduct any business or make any investments other than as specifically contemplated by this Agreement. Parent shall not, and shall not permit Merger Sub to, take any action that would result in the breach of any representation and warranty of Parent hereunder such that the Company would have the right to terminate this Agreement pursuant to Section 8.01(d).

6.06 *Director and Officer Liability.* From and after the Effective Time, Parent shall cause the Surviving Corporation to indemnify, defend and hold harmless, and shall itself indemnify, defend and hold harmless as if it were the Surviving Corporation, in each case, to the fullest extent permitted by Law, the present and former officers, directors, agents and employee benefit plan fiduciaries (each an "*Indemnified Party*") of the Company and its Subsidiaries against all losses, claims, damages, fines, penalties and liability in respect of acts or omissions occurring at or prior to the Effective Time (including acts or omissions occurring in connection with this Agreement and the transactions contemplated hereby) including amounts paid in settlement or compromise with the approval of Parent (which approval shall not be unreasonably withheld or delayed). Parent and Merger Sub agree that all rights to exculpation and indemnification for acts or omissions occurring prior to the Effective Time now existing in favor of the Indemnified Parties as provided in the DGCL, the Certificates of Incorporation or the Bylaws of the Company and its Subsidiaries, in each case in effect as of the date hereof, shall survive the Merger and shall continue in full force and effect in accordance with their terms and without amendment thereof; *provided*, *however*, that any determination required to be made with respect to whether an Indemnified Party's conduct complies with the standards set forth under the DGCL or any such Certificate of Incorporation or Bylaws, as the case may be, shall be made by independent legal counsel jointly selected by such Indemnified Party and Parent; and provided, further, that nothing in this Section 6.06 shall impair any rights of any Indemnified Party. Without limiting the generality of the preceding sentence, in the event that any Indemnified Party becomes involved in any actual or threatened action, suit, claim, proceeding or investigation covered by this Section 6.06 after the Effective Time, Parent shall, or shall cause the Surviving Corporation to, to the fullest extent permitted by law, promptly advance to such Indemnified Party his or her legal or other expenses (including the cost of any investigation and preparation incurred in connection therewith), subject to the providing by such Indemnified Party of an undertaking to reimburse all amounts so advanced in the event of a non-appealable determination of a court of competent jurisdiction that such Indemnified Party is not entitled thereto. For at least six years after the Effective Time, Parent will cause the Surviving Corporation to, and Surviving Corporation will, without any lapse in coverage, provide officers' and directors' liability insurance in respect of acts or omissions occurring prior to the Effective Time covering each such Person currently covered by the Company's officers' and directors' liability insurance policy (each an "*Insured Party*") on terms with respect to coverage and amount no less favorable than those of such policy in effect on the date hereof; *provided*, that the Surviving Corporation shall not be obligated to expend annual premiums during such period in excess of 300% of the per annum rate of the aggregate annual premium currently paid by the Company for such

insurance on the date of this Agreement, *provided* that if the annual premium for such insurance shall exceed such 300% in any year, the Surviving Corporation shall be obligated to obtain a policy with the greatest coverage available for a cost not exceeding such amount; *provided further* that in the event Parent shall, directly or indirectly, sell all or substantially all of the assets or capital stock of the Surviving Corporation, prior to such sale, Parent shall either assume such obligation or cause a Subsidiary of Parent having a net worth substantially equivalent to, or in excess of the net worth of, the Surviving Corporation immediately prior to such sale, to assume such obligation. Parent shall cause the Surviving Corporation to reimburse all expenses, including reasonable attorney's fees, incurred by any Person to enforce the obligations of Parent and Surviving Corporation under this Section 6.06.

6.07 *Employee Benefits.*

(a) During the period commencing on the Acceptance Date and ending on December 31, 2004 (the "*Continuation Period*"), Parent shall cause the Company (and after the Effective Time the Surviving Corporation) to maintain, without adverse amendment, each of the Benefit Plans, (excluding any equity-based compensation plans or annual incentive compensation plans but including, without limitation, any Benefit Plan that is a severance plan or which provides welfare benefits to former employees) and shall permit the employees and former employees of the Company and its Subsidiaries who participate in such plans immediately prior to the Acceptance Date to continue such participation during the Continuation Period (subject to the terms of the applicable Benefit Plan).

(b) With respect to welfare or pension benefits provided to Company Employees following the Continuation Period, Parent shall provide that, (i) service accrued by Company Employees during employment with the Company or its Subsidiaries prior to the Acceptance Date shall be recognized for purposes of eligibility to participate in the applicable plans and vesting of benefits under such plans to the extent such Company Employees were participants in the comparable Benefit Plans prior to the end of the Continuation Period and service was recognized under the comparable Benefit Plans prior to the end of the Continuation Period and (ii) all pre-existing condition limitations and eligibility waiting periods under any group health plan shall be waived with respect to such Company Employees and their eligible dependents who were participants in comparable Benefit Plans prior to the end of the Continuation Period, *provided, however,* that nothing in this Section 6.07(b) shall require the payment of duplicative benefits. For purposes of this Section 6.07 "*Company Employees*" shall mean the employees of the Company and its Subsidiaries as of the Acceptance Date.

(c) As of and following the Acceptance Date, Parent shall honor, and shall cause the Company (and after the Effective Time the Surviving Corporation) to (i) honor in accordance with their existing terms all employment, severance and other compensation agreements and arrangements existing prior to the execution of this Agreement which are between the Company or any of its Subsidiaries and any current or former director, officer or employee thereof listed on Schedule 4.10 of the Company Disclosure Letter and (ii) until the first anniversary of the Effective Time operate the Company's Separation Benefits Plan in the manner set forth in Schedule 6.07 of the Company Disclosure Letter.

(d) As of and following the Acceptance Date, Parent shall cause the Company (and after the Effective Time the Surviving Corporation) to honor in accordance with their existing terms and without adverse amendment the annual incentive bonus plans of the Company set forth in Schedule 4.10 of the Company Disclosure Letter (the "*Bonus Plans*") with respect to the Company's fiscal year ending June 26, 2004 and shall cause participants in such Bonus Plans to be paid any amounts due under the Bonus Plans based on the Company's performance during such fiscal year determined without regard to the effects of the transactions contemplated by this Agreement (including, without limitation, any transaction fees, write downs or other costs incurred in connection with the negotiation, execution and consummation of this Agreement or the integration of the applicable businesses by Parent). Parent shall cause such bonuses to be paid in accordance with the Company's past practice (including with respect to determination of the attainment of personal objective components under the Bonus Plans)

and in accordance with the Organization & Compensation Committee's prior determinations (including with respect to the Perry Ellis International, Inc. matter disclosed in Schedule 6.01(h) of the Company Disclosure Letter), *provided, however,* that amounts which pursuant to the Company's past practice would have been paid in restricted stock shall instead be paid in cash, which shall not be subject to restrictions and *further provided* that any termination of the employment of a participant in a Bonus Plan following the Acceptance Date shall be disregarded for purposes of determining eligibility for the payment of an award under the applicable Bonus Plan.

6.08 *Meeting of the Company's Stockholders.* If required by applicable Law in order to consummate the Merger, the Company acting through its Board of Directors shall take all action necessary in accordance with the DGCL and its Certificate of Incorporation and Bylaws to convene a meeting of the Company's stockholders (the "*Stockholders Meeting*") as promptly as practicable following the purchase of Shares in the Offer. At the Stockholders Meeting, all of the Shares then owned by Parent, Merger Sub or any other Subsidiary of Parent shall be voted to approve the Merger and this Agreement (subject to applicable Law). Unless the Board of Directors has withdrawn or modified its recommendation in accordance with the provisions of Section 6.03, the Board of Directors of the Company shall recommend that the Company's stockholders vote to approve the Merger and this Agreement if such vote is sought, shall use its commercially reasonable efforts to solicit from stockholders of the Company proxies in favor of the Merger if a proxy statement is prepared and sent and shall take all other action in its judgment necessary and appropriate to secure the vote of stockholders required by the DGCL to effect the Merger.

6.09 *Proxy Statement.* If required under applicable Law, the Company shall prepare the Proxy Statement, file it with the SEC under the Exchange Act as promptly as practicable after Merger Sub purchases Shares pursuant to the Offer, and use all commercially reasonable efforts to have the Proxy Statement cleared by the SEC. Parent and Merger Sub shall promptly furnish to the Company all information concerning Parent and Merger Sub that may be required or reasonably requested in connection with any action contemplated by this Section 6.09. Parent, Merger Sub and the Company shall cooperate with each other in the preparation of the Proxy Statement, and the Company shall notify Parent of the receipt of any comments of the SEC with respect to the Proxy Statement and of any requests by the SEC for any amendment or supplement thereto or for additional information and shall provide to Parent promptly copies of all correspondence between the Company or any Representative of the Company and the SEC. The Company shall give Parent and its counsel a reasonable opportunity to review the Proxy Statement prior to its being filed with the SEC and shall give Parent and its counsel a reasonable opportunity to review all amendments and supplements to the Proxy Statement and all responses to requests for additional information and replies to comments prior to their being filed with, or sent to, the SEC. Each of the Company, Parent and Merger Sub agrees to use its commercially reasonable efforts, after consultation with the other parties hereto, to respond promptly to all such comments of and requests by the SEC. As promptly as practicable after the Proxy Statement has been cleared by the SEC, the Company shall mail the Proxy Statement to the stockholders of the Company. The Proxy Statement shall include the recommendation by the Board of Directors of the Company that the Company's stockholders vote to approve the Merger and this Agreement, unless the Board of Directors of the Company has withdrawn or modified its recommendation in accordance with the provisions of Section 6.03.

6.10 *Commercially Reasonable Efforts.* Subject to the terms and conditions of this Agreement, each party will use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws and regulations to consummate the transactions contemplated by this Agreement.

6.11 *Public Announcements.* Parent and the Company will consult with each other before issuing any press release or making any public statement with respect to this Agreement, the Offer or the Merger and, except as may be required by fiduciary duties, applicable Law or any listing agreement

with the NYSE, will not issue any such press release or make any such public statement prior to such consultation.

6.12 *Defense of Litigation.* Notwithstanding anything herein to the contrary, the Company shall not settle or offer to settle any Legal Action against the Company, any of its Subsidiaries or any of their respective directors or officers by any stockholder of the Company arising out of or relating to this Agreement or the transactions contemplated by this Agreement without the prior written consent of Parent. The Company, Parent and Merger Sub shall not cooperate with any Person that may seek to restrain, enjoin, prohibit or otherwise oppose the transactions contemplated by this Agreement, and the Company, Parent and Merger Sub shall use their respective commercially reasonable efforts to contest and remove, and shall cooperate with one another in contesting and removing, any such effort to restrain, enjoin, prohibit or otherwise oppose such transactions.

6.13 *Anti Takeover Plan; State Takeover Statutes.* The Board of Directors of the Company shall take all further action (in addition to that referred to in Section 4.25) requested by Parent in order to render the Company Rights Agreement inapplicable to the Offer, the Merger and the other transactions contemplated by this Agreement. The Company shall not (i) redeem the Rights, (ii) amend (other than to delay the Distribution Date (as defined therein) or to render the Rights inapplicable to the Offer and the Merger) or terminate the Company Rights Agreement prior to the Effective Time without the consent of Parent, unless required to do so by a court of competent jurisdiction or (iii) take any action which would allow any Person (as such term is defined in the Company Rights Agreement) other than Parent or Merger Sub to be the Beneficial Owner (as such term is defined in the Company Rights Agreement) of 15% or more of the common stock without causing a Distribution Date (as such term is defined in the Company Rights Agreement) to occur. If any state takeover statute or similar statute or regulation is or becomes applicable to this Agreement, the Offer, the Merger or the transactions contemplated by this Agreement, each of Parent and the Company and their respective Boards of Directors shall take all reasonable actions to (a) ensure that such transactions may be consummated as promptly as practicable upon the terms and subject to the conditions set forth in this Agreement and (b) otherwise act to eliminate or minimize the effects of such takeover statute or similar statute or regulation.

6.14 *Further Assurances.* At and after the Effective Time, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of the Company or Merger Sub, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or Merger Sub, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

6.15 *Filings; Other Actions.* Subject to the terms and conditions herein provided, the Company and Parent shall use all commercially reasonable efforts to cooperate with one another and use all reasonable efforts to take, or cause to be taken, all other action and do, or cause to be done, all other things necessary, proper or appropriate to consummate and make effective the transactions contemplated by this Agreement. Parent and the Company shall promptly (but in no event more than five Business Days after the date of this Agreement) make their respective filings under the HSR Act with respect to the Offer and the Merger and shall promptly thereafter make any other required submissions under the HSR Act. In addition, Parent and the Company shall promptly make any filings or submissions required under any applicable foreign antitrust laws. In no event shall Parent, Company or any of their respective Subsidiaries be required to agree to commit to divest, hold separate, offer for sale, abandon, limit its operation of or take similar action with respect to any assets (tangible or intangible) or any business interest of it or any of its Subsidiaries (including, without limitation, the Surviving Corporation after consummation of the Offer or the Merger) in connection with or as a condition to receiving the consent or approval of any Governmental Entity.

ARTICLE VII

CONDITIONS TO THE MERGER

7.01 *Conditions to the Obligations of Each Party.* The obligations of the Company, Parent and Merger Sub to consummate the Merger are subject to the satisfaction of the following conditions:

(a) if approval of the Merger by the holders of Shares is required by applicable Law, this Agreement and the Merger shall have been adopted by the requisite vote of the stockholders of the Company in accordance with the DGCL; *provided* that Parent and Merger Sub shall have voted all of their Shares in favor of the Agreement and the Merger;

(b) no provision of any applicable Law or Order of any Governmental Entity of competent jurisdiction which has the effect of making the Merger illegal or shall otherwise restrain or prohibit the consummation of the Merger shall be in effect (each party agreeing to use its commercially reasonable efforts, including appeals to higher courts, to have any Order lifted);

(c) the conditions set forth in clause (x) of the first paragraph of *Annex A* shall have been satisfied; and

(d) Merger Sub shall have accepted for purchase and paid for the Shares tendered pursuant to the Offer.

ARTICLE VIII

TERMINATION

8.01 *Termination.* This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by action taken or authorized by the Board of Directors of the terminating party or parties (notwithstanding any approval of this Agreement by the stockholders of the Company):

(a) by mutual written consent of the Company and of Parent;

(b) by either the Company or Parent, if the Acceptance Date has not occurred on or before the Initial Outside Date; *provided, however,* that the right to terminate this Agreement pursuant to this Section 8.01(b) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been the cause of the failure to consummate the Offer by such date;

(c) by either the Company or Parent, if there shall be any applicable Law that makes consummation of the Offer or the Merger illegal or otherwise prohibited or if any Order of a Governmental Entity of competent jurisdiction shall restrain or prohibit the consummation of the Offer or the Merger, and such Order is final and nonappealable;

(d) prior to the Acceptance Date (i) by Parent if there has been a breach of the representations and warranties or covenants or agreements of the Company contained in this Agreement such that the condition to the Offer set forth in clause (f) of *Annex A* would not be satisfied, or (ii) by the Company if Parent shall not have performed in all material respects each agreement and covenant to be performed by it under the Agreement, and in each of clauses (i) and (ii), such breach or failure to perform is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by the terminating party to the other party;

(e) by Parent prior to the Acceptance Date, if, (i) the Board of Directors of the Company shall have failed to recommend, or shall have withdrawn or modified in a manner adverse to Parent, its approval or recommendation of this Agreement, the Offer or the Merger, or shall have recommended, or entered into, or publicly announced its intention to enter into, an agreement or an agreement in principle with respect to a Superior Proposal (or shall have resolved to do any of

the foregoing), (ii) the Company shall have breached in any material respect any of its obligations under Section 6.03, (iii) the Board of Directors of the Company shall have refused to affirm its approval or recommendation of this Agreement, the Offer or the Merger within three Business Days of any written request from Parent, (iv) a competing tender or exchange offer constituting an Acquisition Proposal shall have been commenced and the Company shall not have sent holders of the Shares pursuant to Rule 14e-2 promulgated under the Exchange Act (within ten Business Days after such tender or exchange offer is first published, sent or given (within the meaning of Rule 14e-2)) a statement disclosing that the Board of Directors of the Company recommends rejection of such Acquisition Proposal, (v) the Board of Directors of the Company shall exempt any other Person from the provisions of Section 203 of the DGCL, (vi) the Board of Directors of the Company exempts any other Person under the Company Rights Agreement or (vii) the Company or its Board of Directors publicly announces its intention to do any of the foregoing;

(f) by the Company prior to the Acceptance Date, if the Board of Directors of the Company shall approve a Superior Proposal in accordance with Section 6.03; *provided, however*, that the Company may not terminate pursuant to this Section 8.01(f) unless (i) the Company's Board of Directors authorizes the Company, subject to complying with this proviso, to enter into a binding written agreement for such Superior Proposal, (ii) the Company gives notice to Parent in accordance with Section 9.01 of its intention to enter into such agreement for such Superior Proposal (a "*Superior Proposal Notice*") and attaches a copy of such agreement to such Superior Proposal Notice, (iii) Parent does not offer in writing, prior to 5:00 p.m. on the third Business Day after the giving of such Superior Proposal Notice, adjustments to the terms and conditions of this Agreement, the Offer or the Merger that the Board of Directors of the Company determines, in good faith after consultation with its financial advisors, are at least as favorable, from a financial point of view, to the stockholders of the Company as such Superior Proposal (in which case, such Superior Proposal shall no longer constitute a Superior Proposal) and (iv) the Company, simultaneously with entering into such agreement for such Superior Proposal, makes the payment required by Section 8.03(b) together with a written acknowledgment from each other party to such Superior Proposal that it is aware of the amounts due Parent under Section 8.03(b) and that such party waives any right it may have to contest any such amounts;

(g) by the Company, if the Offer has not been commenced within seven Business Days following the date of this Agreement (except as a result of any material breach of this Agreement by the Company); *provided* that such right of termination shall have been exercised by the Company prior to the commencement of the Offer;

(h) by Parent or the Company if as the result of the failure of any of the conditions set forth in *Annex A* hereto, the Offer shall have terminated or expired in accordance with its terms (including after giving effect to any extensions, if any, pursuant to Section 2.01(c)) without Merger Sub having purchased any Shares pursuant to the Offer; *provided, however*, that the right to terminate this Agreement pursuant to this Section 8.01(h) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been the cause of such failure; or

(i) by Parent, if, prior to the Acceptance Date, any Person or "*group*" (as defined in Section 13(d)(3) of the Exchange Act), other than Parent or any of its Affiliates, shall have acquired beneficial ownership of more than 15% of the Shares.

8.02 *Effect of Termination.* If this Agreement is terminated pursuant to Section 8.01, this Agreement (but not the Confidentiality Agreement) shall become void and of no effect with no liability on the part of any party (or any stockholder or Representative of such party) to the other party hereto; *provided* that, if such termination shall result from the willful (i) failure of a party to fulfill a condition to the performance of the obligations of the other parties, (ii) failure of a party to perform a covenant or agreement hereof or (iii) breach by a party hereto of any representation or warranty or agreement

contained herein, such party shall be fully liable for any and all liabilities and damages incurred or suffered by the other parties as a result of such willful failure or breach; *provided further*, however, that notwithstanding the foregoing or anything else in this Agreement to the contrary, the provisions of this Section 8.02, Section 8.03 and Article IX shall survive any termination hereof.

8.03 *Fees and Expenses.*

(a) Except as otherwise provided in this Section 8.03, whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

(b) If this Agreement is terminated pursuant to Sections 8.01(e) or 8.01(f), the Company will pay, or cause to be paid, to Parent by wire transfer of immediately available funds to an account designated by Parent the sum of (i) Parent's Expenses (up to a maximum amount not to exceed $3 million) and (ii) $23 million as promptly as practicable following (but no more than three Business Days following) termination of this Agreement.

(c) If (i) this Agreement is terminated pursuant to Section 8.01(b), (ii) at the time of such termination a bona fide Acquisition Proposal has been previously announced or made known to the Company (or a bona fide offer for an Acquisition Proposal has been previously commenced) and not definitively withdrawn and (iii) (A) prior to the nine month anniversary of such termination, the Company or any of its Subsidiaries enters into any agreement in principle, arrangement, understanding or contract providing for the implementation of, or exempts any Person from the provisions of Section 203 of the DGCL or the Company Rights Agreement (or any successor thereto) with respect to, any Acquisition Proposal (other than a capital raising transaction by the Company), regardless of whether or not such Acquisition Proposal was the same Acquisition Proposal referred to in clause (ii), and (B) either simultaneously therewith or subsequently, consummates such Acquisition Proposal, the Company will pay, or cause to be paid, to Parent by wire transfer of immediately available funds to an account designated by Parent the sum of (x) Parent's Expenses (up to a maximum amount not to exceed $3 million) and (y) $23 million as promptly as practicable following (but no more than three Business Days following) the consummation of such Acquisition Proposal.

(d) The Company acknowledges that the agreements contained in Section 8.03(b) and (c) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Parent and Merger Sub would not have entered into this Agreement. Accordingly, if the Company fails to pay promptly any amounts due pursuant to Section 8.03(b) or (c), and, in order to obtain such payment, Parent commences a suit which results in a judgment against the Company for the fee or expense reimbursement set forth in Section 8.03(b) or (c), the Company shall pay to Parent its costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest from the date of termination of this Agreement on the amounts so owed at the prime rate of Chase Manhattan Bank per annum in effect from time to time during such period, plus 2%.

ARTICLE IX

MISCELLANEOUS

9.01 *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including telecopy or similar writing) and shall be given,

if to Parent or Merger Sub, to:

Deluxe Corporation
3680 Victoria Street North
Shoreview, Minnesota 55126-2966
Telecopy: (651) 787-2749
Attention: General Counsel

with a required copy (which shall not constitute notice) to:

Dorsey & Whitney LLP
50 South Sixth Street
Minneapolis, Minnesota 55402
Telecopy: (612) 340-2868
Attention: Robert A. Rosenbaum, Esq.

if to the Company, to:

New England Business Service, Inc.
500 Main Street
Groton, Massachusetts 01471
Telecopy: (978) 449-3018
Attention: General Counsel

with a required copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Beacon Street
Boston, Massachusetts 02108
Telecopy: (617) 573-4822
Attention: David T. Brewster, Esq.

or such other address or telecopy number as such party may hereafter specify for the purpose of notice to the other parties hereto. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given (i) when delivered if personally delivered by hand (with written confirmation of receipt), (ii) when received if sent by a nationally recognized overnight courier service (receipt requested), (iii) five Business Days after being mailed, if sent by first class mail, return receipt requested, or (iv) when receipt is acknowledged by an affirmative act of the party receiving notice, if sent by facsimile, telecopy or other electronic transmission device (*provided* that such an acknowledgement does not include an acknowledgment generated automatically by a facsimile or telecopy machine or other electronic transmission device).

9.02 *Survival of Representations and Warranties and Agreements.* The representations and warranties contained herein and in any certificate or other writing delivered pursuant hereto shall not survive the Effective Time. This Section 9.02 shall not limit any covenant or agreement of the parties to this Agreement which, by its terms, contemplates performance after the Effective Time.

9.03 *Amendments; No Waivers.*

(a) Any provision of this Agreement may be amended or waived prior to the Effective Time if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company, Parent and Merger Sub or, in the case of a waiver, by the party against whom the waiver is to be effective; *provided* that (i) any waiver or amendment shall be effective against a party only if the Board of Directors of such party approves such waiver or amendment and (ii) after the adoption of this Agreement by the stockholders of the Company, no such amendment or waiver shall, without the further approval of such stockholders and each party's Board of Directors, alter or change (x) the amount or kind of consideration to be received in exchange for any shares of capital stock of the Company, (y) any term of the Certificate of Incorporation of the Surviving Corporation or (z) any of the terms or conditions of this Agreement if such alteration or change would adversely affect the holders of any shares of capital stock of the Company. Notwithstanding any provision of this Section 9.03(a) to the contrary, no provision of this Agreement may be waived by the Company or amended following the purchase by Parent or Merger Sub of Shares pursuant to the Offer unless such amendment or waiver is approved by the affirmative vote of a majority of the Independent Directors.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

9.04 *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, *provided* that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto.

9.05 *GOVERNING LAW.* THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE PRINCIPLES OF CONFLICTS OF LAW.

9.06 *Jurisdiction.* Each party to this Agreement hereby irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement or any agreements or transactions contemplated hereby shall be brought in the state courts of the State of Delaware or the United States District Court for the District of Delaware and hereby expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and expressly waives any claim of improper venue and any claim that such courts are an inconvenient forum. Each party hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the address set forth or referred to in Section 9.01, such service to become effective ten days after such mailing.

9.07 *Counterparts; Effectiveness.* This Agreement may be signed in any number of counterparts (including by facsimile), each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

9.08 *Entire Agreement; No Third Party Beneficiary.* This Agreement, the Company Disclosure Letter and the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by either party hereto. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies

hereunder except for the provisions of Section 6.06, which are intended for the benefit of the Indemnified Parties or Insured Parties, their heirs and their representatives.

9.09 *Headings.* The table of contents and headings contained in this Agreement and the Company Disclosure Letter are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

9.10 *Severability.* If any term or other provision of this Agreement is invalid, illegal or unenforceable, all other terms and provisions of this Agreement shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party.

9.11 *Waiver of Jury Trial.* EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9.12 *Limitations on Warranties.*

(a) Except for the representations and warranties contained in this Agreement, the Company Disclosure Letter and any agreements or certificates delivered pursuant to this Agreement, the Company makes no other express or implied representation or warranty to Parent or Merger Sub. Parent and Merger Sub each acknowledge that, in entering into this Agreement, it has not relied on any representations or warranties of the Company other than the representations and warranties of the Company set forth in this Agreement, the Company Disclosure Letter or any agreements or certificates delivered pursuant to this Agreement.

(b) Except for the representations and warranties contained in this Agreement and any agreements or certificates delivered pursuant to this Agreement, Parent and Merger Sub make no other express or implied representation or warranty to the Company. The Company acknowledges that, in entering into this Agreement, it has not relied on any representations or warranties of Parent and Merger Sub other than the representations and warranties of Parent and Merger Sub set forth in this Agreement or any agreements or certificates delivered pursuant to this Agreement.

9.13 *Specific Performance.* The parties hereto agree that irreparable damage would occur in the event any of the provisions of this Agreement were not to be performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof in addition to any other remedies at Law or in equity.

[SIGNATURE PAGE FOLLOWS]

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

NEW ENGLAND BUSINESS SERVICE, INC.

By: /s/ RICHARD T. RILEY

Richard T. Riley
President and Chief Executive Officer

DELUXE CORPORATION

By: /s/ LAWRENCE J. MOSNER

Lawrence J. Mosner
Chief Executive Officer

HUDSON ACQUISITION CORP.

By: /s/ DOUGLAS J. TREFF

Douglas J. Treff
Chief Executive Officer

ANNEX A

Notwithstanding any other provision of the Offer, Merger Sub shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC including Rule 14e-1(c) of the Exchange Act (relating to Merger Sub's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for any Shares, may postpone the acceptance for payment of Shares tendered pursuant to the Offer, and may terminate the Offer (in each case in accordance with the Agreement), if (w) the Minimum Condition (as defined below) shall not have been satisfied by the expiration date of the Offer, (x) any applicable waiting period (and any extension thereof) under the HSR Act shall not have expired or been terminated by the expiration date of the Offer or (y) if any of the following conditions shall occur and be continuing as of any scheduled expiration date of the Offer:

(a) there shall be enacted, entered, enforced, promulgated or, pursuant to an authoritative interpretation by or on behalf of a Governmental Entity, deemed applicable to the Offer or the Merger any Law or Order, other than the routine application of waiting period provisions of the HSR Act, that (i) makes illegal or otherwise restrains or prohibits the making of the Offer, the acceptance for payment of or payment for some or all of the Shares by Parent or Merger Sub or the consummation of the Merger, (ii) restrains or prohibits Parent's ownership or operation (or that of its respective Subsidiaries or Affiliates) of all or any portion of the business or assets of the Company and its Subsidiaries or of Parent and its Subsidiaries, (iii) imposes limitations on the ability of Parent, Merger Sub or any of Parent's other Subsidiaries or Affiliates effectively to exercise full rights of ownership with respect to the Shares, including the right to vote any Shares acquired or owned by Parent, Merger Sub or any of Parent's other Subsidiaries or Affiliates on all matters properly presented to the Company's stockholders, (iv) requires divestiture by Parent, Merger Sub or any of Parent's other Subsidiaries or Affiliates of any Shares, or (v) compels Parent or any of its Subsidiaries and/or the Company or any of its Subsidiaries to dispose of or hold separate any portion of (A) the business, assets or properties of the Company and its Subsidiaries, taken as a whole, or (B) the business, assets or properties of Parent and its Subsidiaries, taken as a whole; or

(b) there shall be threatened, instituted or pending any action or proceeding by any Governmental Entity (i) challenging or seeking to make illegal or otherwise to restrain or prohibit the making of, or seeking to obtain material damages with respect to, the Offer, the acceptance for payment of or payment for some or all of the Shares by Parent or Merger Sub or the consummation of the Merger, (ii) seeking to restrain or prohibit Parent's ownership or operation (or that of its respective Subsidiaries or Affiliates) of all or any portion of the business or assets of the Company and its Subsidiaries or of Parent and its Subsidiaries, (iii) seeking to impose limitations on the ability of Parent, Merger Sub or any of Parent's other Subsidiaries or Affiliates effectively to exercise full rights of ownership of the Shares, including the right to vote any Shares acquired or owned by Parent, Merger Sub or any of Parent's other Subsidiaries or Affiliates on all matters properly presented to the Company's stockholders, (iv) seeking to require divestiture by Parent, Merger Sub or any of Parent's other Subsidiaries or Affiliates of any Shares or (v) seeking to compel Parent or any of its Subsidiaries and/or the Company or any of its Subsidiaries to dispose of or hold separate any portion of (A) the business, assets or properties of the Company and its Subsidiaries or (B) the business, assets or properties of Parent and its Subsidiaries; or

(c) a Company Material Adverse Effect; or

(d) an Adverse Market Change; or

(e) the Board of Directors of the Company shall have failed to recommend, or shall have withdrawn or modified in a manner adverse to Parent (including by amendment of the Schedule 14D-9), its approval or recommendation of this Agreement, the Offer or the Merger, or

shall have recommended, or entered into, or publicly announced its intention to enter into, an agreement or an agreement in principle with respect to a Superior Proposal (or shall have resolved to do any of the foregoing); or

(f) (i) any of the representations and warranties of the Company contained in this Agreement (without giving effect to any materiality or Company Material Adverse Effect qualifiers set forth therein) shall not be true and correct as of the date of this Agreement and as of such later date, other than such representations and warranties that are made as of a specified date, which representations and warranties (without giving effect to any materiality or Company Material Adverse Effect qualifiers set forth therein) shall not be true and correct as of such date, except where the failure or failures, individually or in the aggregate, of such representations and warranties to be true and correct would not, individually or in the aggregate, have a Company Material Adverse Effect or (ii) the Company shall not have performed or complied with any material agreement or covenant to be performed or complied with by it under the Agreement; or

(g) this Agreement shall have been terminated in accordance with its terms.

For purposes of this Agreement, the term "*Minimum Condition*" means that there shall have been validly tendered and not withdrawn prior to the expiration of the Offer that number of Shares that would constitute more than 67% of the voting power (determined on a fully diluted basis) on the date of purchase of all the securities of the Company entitled to vote in the election of directors or in a merger.

The foregoing conditions (other than the Minimum Condition) are for the sole benefit of Parent and Merger Sub and may, except as provided otherwise in Section 2.01(a) of the Agreement, be waived by Parent and Merger Sub in whole or in part at any time and from time to time in their discretion. The failure by Parent or Merger Sub at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts and circumstances, and each such right shall be deemed an ongoing right that may be asserted at any time and from time to time prior to the Effective Time.

Exhibit 99.1(d)(2)

Mutual Confidentiality Agreement

THIS AGREEMENT made and entered into as of the 12th day of February, 2004.

WHEREAS, Deluxe Corporation ("Deluxe") and New England Business Service, Inc. ("NEBS") are discussing the possibility of pursuing a potential business relationship together;

WHEREAS, in furtherance of such discussions and the cooperative exploration of such potential business relationship, the parties intend to meet with each other and to disclose to each other certain non-public, confidential and proprietary information; and

WHEREAS, the parties desire to protect such discussions, cooperative exploration, meetings and information from disclosure.

NOW, THEREFORE, the parties agree as follows:

For purposes of this Agreement, the party disclosing Confidential Information is the "disclosing party", and the party receiving Confidential Information is the "receiving party". "Confidential Information" shall mean information, whether furnished before or after the date hereof, whether oral or written, and regardless of the manner in which its is furnished, of the disclosing party that is non-public, confidential or proprietary in nature. The term Confidential Information shall not include any information which (a) is or becomes generally available to the public other than as a result of a disclosure by the receiving party or any of its employees, agents, attorneys, investment bankers, consultants, brokers or other representatives (collectively, "Representatives"), (b) is known to the receiving party on a non-confidential basis prior to disclosure by or on behalf of the disclosing party, as evidenced by the receiving party's written records, (c) is received by the receiving party on a non-confidential basis from a source other than the disclosing party if such source is not known to the receiving party to be subject to any prohibition against transmitting the information to the receiving party, or (d) is developed independently by the receiving party without use of or reference to the information furnished by the disclosing party.

Each party confirms its desire to be granted access to the other party's Confidential Information for the sole purpose of evaluating the possibility of entering into such business transaction and in consideration of being furnished with such Confidential Information, each party agrees as follows:

1. It recognizes and acknowledges the competitive value and confidential nature of the Confidential Information and the damage that could result if any such Confidential Information Is disclosed to any third party.

2. In its capacity as the receiving party, it and its Representatives will keep strictly confidential and will not use for any purpose whatsoever (other than for the purpose of evaluating the proposed business transaction) any Confidential Information furnished by or on behalf of the disclosing party. It shall undertake any and all measures that may be reasonably required to protect the Confidential Information from any unauthorized use or disclosure. Moreover, it agrees to transmit the Confidential Information only to its Representatives who need access to the Confidential Information for the sole purpose of evaluating the possible business transaction, and it will inform its Representatives of the confidential nature of the Confidential Information and will require its Representatives to be bound by the terms of this Agreement as fully as if they were directly signatory parties hereto.

3. Without the prior written consent of the other party, neither party nor its respective Representatives will disclose to any other person the fact that the disclosing party's Confidential Information has been made available to it, that discussions or negotiations are taking place concerning a possible business transaction involving the parties or any of the terms, conditions or other facts with respect thereto (including the status thereof), provided, that either party may make such disclosure if, in the opinion of its legal counsel, such disclosure must be made by such party in order that it not commit a violation of law or a listing or similar agreement with the New York Stock Exchange (the "NYSE") and, prior to such disclosure, such party promptly advises and consults with the other party and its legal

counsel concerning the information which such party proposes to disclose that pertains to or affects the other party.

4. Upon the request of the disclosing party (which request may be made at any time and for any reason), all Confidential Information shall be returned promptly and all copies, summaries, extracts or other reproductions and notes of the contents or parts thereof shall be destroyed promptly and such destruction certified by an officer of the destroying party.

5. In the event that the receiving party or anyone to whom it transmits the Confidential Information pursuant to this Agreement is requested pursuant to subpoena or other legal process or NYSE rule to disclose any of the Confidential Information, it will provide the disclosing party with prompt notice so that the disclosing party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. If, in the absence of a protective order or receipt of a waiver from the disclosing party hereunder, the receiving party or its Representatives are, in the opinion of its legal counsel, compelled to disclose the Confidential Information or else stand liable for contempt or suffer other censure or significant penalty, the receiving party or such Representative may furnish only that portion of the Confidential Information which it is legally required to furnish and will exercise its best efforts to preserve the confidentiality of the Confidential Information, including, without limitation, by cooperating with the disclosing party to obtain a protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.

6. Each party agrees that money damages would not be a sufficient remedy for any breach of this Agreement and that the other party shall be entitled to seek equitable relief, including injunction and specific performance in the event of any breach of the provisions of the Agreement by it, in addition to all other remedies available at law or in equity. It is further understood and agreed that no failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other further exercise thereof or the exercise of any other right, power, or privilege hereunder.

7. Each party agrees that it is responsible and liable for any breach of this Agreement by its Representatives.

8. Nothing in this Agreement shall restrict the right of either party to independently develop information similar to the disclosing party's Confidential Information, or to develop and market products or services which may be competitive with the other party, as long as the receiving party does not violate its obligations hereunder regarding the non-disclosure and use of the disclosing party's Confidential Information.

9. During the Restricted Period (as defined below), unless specifically requested in advance in writing by NEBS' Board of Directors, neither Deluxe nor any of its "affiliates" (as such term is defined in the Securities Exchange Act of 1934, as amended, or the rules and regulations promulgated thereunder (collectively, the "1934 Act")), will in any manner, directly or indirectly: (a) effect or seek, offer or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way assist any other person to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in (i) any acquisition of any securities (or beneficial ownership thereof) or assets of NEBS or any of its affiliates; (ii) any tender or exchange offer, merger or other business combination involving NEBS or any of its affiliates, (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to NEBS or any of its affiliates, or (iv) any "solicitation" of "proxies" (as such terms are defined in the 1934 Act) or consents to vote any voting securities of NEBS or any of its affiliates; (b) form, join or in any way participate in a "group" (as defined in the

1934 Act) with respect to NEBS or any of its affiliates; (c) otherwise act, alone or in concert with others, to seek to control or influence the management, Board of Directors or policies of NEBS or any of its affiliates; (d) take any action which might force NEBS or any of its affiliates to make a public announcement regarding any of the types of matters set forth in clause (a) above; or (e) enter into any discussions or arrangements with any third party with respect to any of the foregoing; provided that it shall not be deemed a breach of this paragraph if, after the Chairman and Chief Executive Officer of Deluxe advises the President and Chief Executive Officer of NEBS of Deluxe's intention to and reasons for doing so, Deluxe submits to the entire Board of Directors of NEBS a written confidential offer for a business combination of Deluxe and NEBS; and provided, further, that Deluxe will not maintain any contacts with individual members of the Board of Directors of NEBS (other than the President and Chief Executive Officer of NEBS) with respect to any such confidential offer or other potential business relationship involving NEBS. During the Restricted Period, neither Deluxe nor any of its affiliates or Representatives will request NEBS (or its directors or Representatives), directly or indirectly, to amend or waive any provision of this paragraph (including this sentence).

Restricted Period means the period beginning on the date hereof and ending on the earlier of (a) August 12, 2005, (b) the date on which it is publicly disclosed that NEBS has entered into an agreement which will result in any person or group becoming the beneficial owner of 50% or more of NEBS' then outstanding common stock or (c) the date on which pursuant to Rule 14e-2 under the 1934 Act NEBS discloses that it (i) is recommending acceptance of, (ii) expressing no opinion and is remaining neutral toward or (iii) is unable to take a position with respect to any tender offer or exchange offer which would result in any person or group (other than Deluxe or any of its affiliates) becoming the beneficial owner of 50% or more of NEBS' then outstanding common stock.

10. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

NEW ENGLAND BUSINESS SERVICE, INC.

By: /s/ RICHARD T. RILEY

Name: Richard T. Riley
Title: *President & Chief Executive Officer*

DELUXE CORPORATION

By: /s/ LAWRENCE J. MOSNER

Name: Lawrence J. Mosner
Title: *Chairman & Chief Executive Officer*

QuickLinks

Mutual Confidentiality Agreement