
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)*

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended September 30, 2003

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from _____ to _____

0-10200
(Commission File Number)

SEI INVESTMENTS COMPANY

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

23-1707341
(IRS Employer
Identification Number)

1 Freedom Valley Drive, Oaks, Pennsylvania 19456-1100
(Address of principal executive offices)
(Zip Code)

(610) 676-1000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of October 31, 2003: 105,424,005 shares of common stock, par value \$.01 per share.

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

SEI Investments Company
Consolidated Balance Sheets
(unaudited)
(In thousands)

	<u>September 30, 2003</u>	<u>December 31, 2002</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 192,607	\$ 165,724
Restricted cash	10,484	10,000
Receivables from regulated investment companies	25,541	22,588
Receivables, net of allowance for doubtful accounts of \$1,700	58,524	52,054
Deferred income taxes	2,920	3,526
Prepaid expenses and other current assets	7,091	7,543
	<u>297,167</u>	<u>261,435</u>
Property and Equipment, net of accumulated depreciation and amortization of \$96,735 and \$111,210	109,167	104,258
Capitalized Software, net of accumulated amortization of \$16,540 and \$15,204	17,162	12,596
Investments Available for Sale	64,220	62,433
Other Assets, net	32,737	23,425
	<u>520,453</u>	<u>464,147</u>

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Balance Sheets
(unaudited)
(In thousands, except par value)

	<u>September 30, 2003</u>	<u>December 31, 2002</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt	\$ 14,365	\$ 9,556
Accounts payable	3,737	4,058
Accrued expenses	113,299	119,427
Deferred revenue	640	1,206
	<u>132,041</u>	<u>134,247</u>
Long-term Debt	26,535	33,500
Deferred Income Taxes	7,301	6,393
	<u>7,301</u>	<u>6,393</u>
Shareholders' Equity:		
Common stock, \$.01 par value, 750,000 shares authorized; 105,368 and 106,184 shares issued and outstanding	1,054	1,062
Capital in excess of par value	240,505	216,284
Retained earnings	110,678	74,019
Accumulated other comprehensive gains (losses)	2,339	(1,358)
	<u>354,576</u>	<u>290,007</u>
Total Shareholders' Equity	354,576	290,007
Total Liabilities and Shareholders' Equity	<u>\$ 520,453</u>	<u>\$ 464,147</u>

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Statements of Income
(unaudited)
(In thousands, except per share data)

	Three Month Period Ended September 30,	
	2003	2002
Revenues	\$ 161,056	\$ 153,316
Expenses:		
Operating and development	70,733	61,957
Sales and marketing	33,791	32,940
General and administrative	7,394	5,779
Income from operations	49,138	52,640
Equity in the earnings of unconsolidated affiliate	6,288	2,861
Net gain from investments	509	574
Interest income	817	1,303
Interest expense	(564)	(663)
Income before income taxes	56,188	56,715
Income taxes	20,789	20,984
Net income	35,399	35,731
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	550	(202)
Unrealized holding gain (loss) on investments, Unrealized holding gains (losses) during the period net of income tax (expense) benefit of (\$333) and \$1,600	532	(2,792)
Less: reclassification adjustment for (gains) losses realized in net income, net of income tax expense (benefit) of \$462 and (\$1,016)	(786)	1,730
Other comprehensive income (loss)	296	(1,264)
Comprehensive income	\$ 35,695	\$ 34,467
Basic earnings per common share	\$.34	\$.33
Diluted earnings per common share	\$.33	\$.32

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Statements of Income
(unaudited)
(In thousands, except per share data)

	Nine Month Period Ended September 30,	
	2003	2002
Revenues	\$ 465,215	\$ 471,382
Expenses:		
Operating and development	205,489	198,880
Sales and marketing	88,936	99,033
General and administrative	17,880	17,460
Income from operations	152,910	156,009
Equity in the earnings of unconsolidated affiliate	14,763	8,643
Net (loss) gain from investments	(3,673)	574
Interest income	3,424	3,847
Interest expense	(1,651)	(1,628)
Other income	509	—
Income before income taxes	166,282	167,445
Income taxes	61,524	61,954
Net income	104,758	105,491
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	1,647	656
Unrealized holding gain (loss) on investments, Unrealized holding gains (losses) during the period net of income tax (expense) benefit of (\$1,251) and \$2,209	2,116	(3,771)
Less: reclassification adjustment for (gains) losses realized in net income, net of income tax expense (benefit) of \$39 and (\$985)	(66)	2,050
Other comprehensive income (loss)	3,697	(1,385)
Comprehensive income	\$ 108,455	\$ 104,106
Basic earnings per common share	\$ 1.00	\$.97
Diluted earnings per common share	\$.97	\$.93
Dividends declared per common share	\$.07	\$.06

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Statements of Cash Flows

(unaudited)
(In thousands)

	Nine Month Period Ended September 30,	
	2003	2002
Cash flows from operating activities:		
Net income	\$ 104,758	\$ 105,491
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,670	13,614
Undistributed equity in the earnings of unconsolidated affiliate	(4,967)	(1,896)
Tax benefit on stock options exercised	15,014	15,188
Other	5,999	(736)
Change in current assets and liabilities:		
Decrease (increase) in		
Receivables from regulated investment companies	(2,953)	4,179
Receivables	(6,470)	(4,523)
Prepaid expenses and other current assets	452	425
Increase (decrease) in		
Accounts payable	(321)	(2,393)
Accrued expenses	246	1,100
Deferred revenue	(566)	(2,249)
Net cash provided by operating activities	123,862	128,200
Cash flows from investing activities:		
Additions to property and equipment	(16,442)	(20,944)
Additions to capitalized software	(5,902)	(2,399)
Purchase of investments available for sale	(39,862)	(16,489)
Sale of investments available for sale	40,352	21,215
Other	(446)	432
Net cash used in investing activities	(22,300)	(18,185)
Cash flows from financing activities:		
Payment on long-term debt	(9,405)	(6,166)
Purchase and retirement of common stock	(65,880)	(103,639)
Proceeds from issuance of common stock	14,308	10,229
Payment of dividends	(13,702)	(12,050)
Net cash used in financing activities	(74,679)	(111,626)
Net increase (decrease) in cash and cash equivalents	26,883	(1,611)
Cash and cash equivalents, beginning of period	165,724	163,685
Cash and cash equivalents, end of period	\$ 192,607	\$ 162,074

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements
(all figures are in thousands except per share data)

Note 1. Summary of Significant Accounting Policies

Nature of Operations

SEI Investments Company (the "Company") is organized around its five primary target markets: Private Banking and Trust, Investment Advisors, Enterprises, Money Managers, and Investments in New Businesses. Private Banking and Trust provides investment processing solutions, fund processing solutions and investment management programs to banks and private trust companies. Investment Advisors provides investment management programs and investment processing solutions to affluent investors through a network of financial intermediaries, independent investment advisors and other investment professionals. Enterprises provides retirement and treasury business solutions for corporations, unions, foundations and endowments, and other institutional investors. Money Managers provides investment solutions to U.S. investment managers, mutual fund companies and alternative investment managers worldwide. Investments in New Businesses include the Company's global asset management businesses as well as initiatives into new U.S. markets.

Summary Financial Information and Results of Operations

In the opinion of the Company, the accompanying unaudited Consolidated Financial Statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position as of September 30, 2003, the results of operations for the three and nine month periods ended September 30, 2003 and 2002, and cash flows for the nine month periods ended September 30, 2003 and 2002.

Interim Financial Information

While the Company believes that the disclosures presented are adequate to make the information not misleading, these Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements included in the Company's latest Annual Report on Form 10-K.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. The Company's principal subsidiaries are SEI Investments Distribution Company ("SIDCO"), SEI Investments Management Corporation ("SIMC"), and SEI Private Trust Company. All intercompany accounts and transactions have been eliminated. Investment in unconsolidated affiliate is accounted for using the equity method due to the Company's less than 50 percent ownership. The Company's portion of the affiliate's operating results is reflected in Equity in the earnings of unconsolidated affiliate on the accompanying Consolidated Statements of Income (See Note 6).

Property and Equipment

Property and equipment on the accompanying Consolidated Balance Sheets consist of the following:

	<u>September 30, 2003</u>	<u>December 31, 2002</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	\$ 81,835	\$ 75,825	25 to 39
Land	9,379	9,345	N/A
Equipment	56,903	79,260	3 to 5
Purchased software	20,880	21,256	3
Furniture and fixtures	15,810	15,523	3 to 5
Leasehold improvements	8,020	7,386	Lease Term
Construction in progress	13,075	6,873	N/A
	<u>205,902</u>	<u>215,468</u>	
Less: Accumulated depreciation and amortization	(96,735)	(111,210)	
Property and Equipment, net	<u>\$ 109,167</u>	<u>\$ 104,258</u>	

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful life of each asset. Expenditures for renewals and betterments are capitalized, while maintenance and repairs are charged to expense when incurred.

Capitalized Software

The Company accounts for software development costs in accordance with Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed" ("SFAS 86"). Under SFAS 86, costs incurred to create a computer software product are charged to research and development expense as incurred until technological feasibility has been established. The Company establishes technological feasibility upon completion of a detail program design. At that point, computer software costs are capitalized until the product is available for general release to customers. The establishment of technological feasibility and the ongoing assessment of recoverability of capitalized software development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future revenues, estimated economic life, and changes in technology. The Company did not capitalize any software development costs during the nine month periods ended September 30, 2003 and 2002 in accordance with SFAS 86.

In 2002, the Company adopted the guidance established in Emerging Issues Task Force Issue 00-03 "Application of AICPA Statement of Position 97-2 to Arrangements That Include the Right to Use Software Stored on Another Entity's Hardware", and applies Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use," for development costs associated with software products to be provided in a hosting environment. SOP 98-1 requires that costs incurred in the preliminary project and post implementation stages of an internal software project be expensed as incurred and that certain costs incurred in the application development stage of a project be capitalized. The Company capitalized \$5,902 and \$2,399 in software development costs in accordance with SOP 98-1 during the nine month periods ended September 30, 2003 and 2002, respectively.

Amortization of capitalized software development costs begins when the product is released or placed into service. Capitalized software development costs are amortized on a product-by-product basis using the straight-line method over the estimated economic life of the product or enhancement, which is primarily three to ten years, with a weighted average remaining life of approximately 4.9 years. Amortization expense was \$1,336 and \$1,301 during the nine month periods ended September 30, 2003 and 2002, respectively, and is included in Operating and development expenses on the accompanying Consolidated Statements of Income.

Earnings per Share

The Company computes earnings per common share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"). Pursuant to SFAS 128, dual presentation of basic and diluted earnings per common share is required on the face of the statements of income for companies with complex capital structures. Basic earnings per common share is calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflects the potential dilution from the exercise or conversion of securities into common stock, such as stock options.

	For the Three Month Period Ended September 30, 2003		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per common share	\$ 35,399	105,100	\$.34
Dilutive effect of stock options	—	2,815	
Diluted earnings per common share	\$ 35,399	107,915	\$.33

	For the Three Month Period Ended September 30, 2002		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per common share	\$ 35,731	107,936	\$.33
Dilutive effect of stock options	—	3,799	
Diluted earnings per common share	\$ 35,731	111,735	\$.32

Options to purchase 2,656 and 2,802 shares of common stock, with an average exercise price of \$49.91 and \$45.53, were outstanding during the three month periods ended September 30, 2003 and 2002, respectively, but were excluded from the diluted earnings per common share calculation because the options' exercise prices were greater than the average market price of the Company's common stock.

	For the Nine Month Period Ended September 30, 2003		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per common share	\$ 104,758	105,231	\$ 1.00
Dilutive effect of stock options	—	3,263	
Diluted earnings per common share	\$ 104,758	108,494	\$.97

	For the Nine Month Period Ended September 30, 2002		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per common share	\$ 105,491	108,988	\$.97
Dilutive effect of stock options	—	4,686	
Diluted earnings per common share	\$ 105,491	113,674	\$.93

Options to purchase 4,898 and 2,802 shares of common stock, with an average exercise price of \$38.17 and \$45.53 were outstanding during the nine month periods ended September 30, 2003 and 2002, respectively, but were excluded from the diluted earnings per common share calculation because the options' exercise prices were greater than the average market price of the Company's common stock.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations and has presented the required Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), as amended by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS 148"), pro forma disclosure in the table below.

The Company applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans, and accordingly, no compensation cost has been recognized for the Company's fixed stock-based compensation. Had compensation cost been determined consistent with SFAS 123, as amended by SFAS 148, the Company's net income would have been reduced to the following pro forma amounts:

	For the Three Month Period Ended September 30,		For the Nine Month Period Ended September 30,	
	2003	2002	2003	2002
Net Income:				
As reported	\$ 35,399	\$ 35,731	\$ 104,758	\$ 105,491
Deduct: Total stock-based employee expense determined under the fair value based method for all awards, net of related tax effects	(2,448)	(2,326)	(7,362)	(6,977)
Pro forma	\$ 32,951	\$ 33,405	\$ 97,396	\$ 98,514
Basic earnings per common share				
As reported	\$.34	\$.33	\$ 1.00	\$.97
Pro forma	\$.31	\$.31	\$.93	\$.90
Diluted earnings per common share				
As reported	\$.33	\$.32	\$.97	\$.93
Pro forma	\$.31	\$.30	\$.90	\$.87

Statements of Cash Flows

For purposes of the Consolidated Statements of Cash Flows, the Company considers investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Supplemental disclosures of cash paid/received during the nine month periods ended September 30, 2003 and 2002 is as follows:

	2003	2002
Interest paid	\$ 2,228	\$ 2,318
Interest and dividends received	3,671	4,010
Income taxes paid	49,066	34,210

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In November 2002, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of indebtedness of Others," ("FIN 45"). This interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified on or after January 1, 2003. The recognition and measurement provisions of FIN 45 does not, nor is it expected to, have any material effect on the results of operations, financial position or liquidity of the Company.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51," ("FIN 46"). This interpretation provides guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003 and to older entities in interim periods beginning after June 30, 2003. Certain of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company does not have an interest in any entity that requires disclosure or consolidation as a result of adopting the provisions of FIN 46.

In February 2003, the Emerging Issues Task Force ratified Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables" ("Issue 00-21"). Issue 00-21 addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities and addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting. The Company provides certain services that involve a series of different product offerings that can be purchased as a complete solution or as individual components. Consideration for these types of services is usually a combination of fixed and variable payment amounts. Issue 00-21 became effective for revenue arrangements entered into after June 30, 2003. The Company applies the provisions of EITF 00-21 and as of September 30, 2003 it has not had a material effect on the results of operations, financial position or liquidity of the Company.

Note 2. Comprehensive Income – The Company computes comprehensive income in accordance with Statement of Financial Accounting Standards No. 130, “Reporting Comprehensive Income” (“SFAS 130”). SFAS 130 establishes standards for reporting and presentation of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements that is presented with equal prominence as other financial statements. Comprehensive income includes net income, foreign currency translation adjustments, and unrealized holding gains and losses and is presented on the accompanying Consolidated Statements of Income. Accumulated other comprehensive gains (losses) on the Consolidated Balance Sheets changed from December 31, 2002 to September 30, 2003 which is as follows:

	<u>Foreign Currency Translation Adjustments</u>	<u>Unrealized Holding Gains (Losses) on Investments</u>	<u>Accumulated Other Comprehensive Gains (Losses)</u>
Beginning balance (Dec. 31, 2002)	\$ 367	\$ (1,725)	\$ (1,358)
Current period change	1,647	2,050	3,697
Ending balance (Sept. 30, 2003)	<u>\$ 2,014</u>	<u>\$ 325</u>	<u>\$ 2,339</u>

Note 3. Receivables - Receivables on the accompanying Consolidated Balance Sheets consist of the following:

	<u>September 30, 2003</u>	<u>December 31, 2002</u>
Trade receivables	\$ 21,677	\$ 20,326
Fees earned, not received	945	1,452
Fees earned, not billed	37,602	31,976
	<u>60,224</u>	<u>53,754</u>
Less: Allowance for doubtful accounts	(1,700)	(1,700)
	<u>\$ 58,524</u>	<u>\$ 52,054</u>

Fees earned, not received represent brokerage commissions earned but not yet collected. Fees earned, not billed represent receivables earned but not billed and result from timing differences between services provided and contractual billing schedules.

Receivables from regulated investment companies on the accompanying Consolidated Balance Sheets represent fees collected from the Company’s wholly owned subsidiaries, SIDCO and SIMC, for distribution, investment advisory, and administration services provided by these subsidiaries to various regulated investment companies.

Note 4. Investments Available for Sale - The Company accounts for investments in marketable securities pursuant to Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). SFAS 115 requires that debt and equity securities classified as available for sale be reported at market value. Unrealized holding gains and losses, net of income taxes, are reported as a separate component of comprehensive income. Realized gains and losses, as determined on a specific identification basis, are reported separately on the accompanying Consolidated Statements of Income.

As of September 30, 2003				
	Cost Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Company-sponsored mutual funds	\$ 54,788	\$ 856	\$ (207)	\$ 55,437
Equity securities	8,922	—	(139)	8,783
	<u>\$ 63,710</u>	<u>\$ 856</u>	<u>\$ (346)</u>	<u>\$ 64,220</u>
As of December 31, 2002				
	Cost Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Company-sponsored mutual funds	\$ 45,642	\$ 860	\$ (331)	\$ 46,171
Equity securities	19,543	—	(3,281)	16,262
	<u>\$ 65,185</u>	<u>\$ 860</u>	<u>\$ (3,612)</u>	<u>\$ 62,433</u>

The net unrealized holding gains at September 30, 2003 were \$325 (net of income tax expense of \$185) and the net unrealized holding losses at December 31, 2002 were \$1,725 (net of income tax benefit of \$1,027) and are reported as a separate component of Accumulated other comprehensive gains (losses) on the accompanying Consolidated Balance Sheets.

Management performs a review of all investments in marketable securities on a quarterly basis with regards to impairment. Factors considered in determining other-than-temporary impairment are significant or prolonged declines in the price of investments based on available market prices. Additional consideration is given to the ability to recover the carrying amount of the investment. During the nine month period ended September 30, 2003, management determined that certain investments were impaired. The Company recorded an impairment charge of \$595 related to other-than temporary declines in fair value and is included in Net (loss) gain from investments on the accompanying Consolidated Statements of Income. The Company did not record an impairment charge related to other-than-temporary declines in fair value for any of its securities available-for-sale during the three month period ended September 30, 2003.

During the three month period ended September 30, 2003, the Company recognized gross realized gains from available-for-sale securities of \$1,386 and gross realized losses from available-for-sale securities of \$138. For the nine month period ended September 30, 2003, the Company recognized gross realized gains from available-for-sale securities of \$1,434 and gross realized losses from available-for-sale securities of \$734.

Note 5. Derivative Instruments and Hedging Activities - The Company is exposed to market risk associated with its designated Investments available for sale. To provide some protection against potential market fluctuations associated with its Investments available for sale, the Company has entered into various derivative financial transactions in the form of futures and equity contracts (i.e. derivatives).

The Company accounts for its derivatives in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133") and Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities – an amendment of FASB Statement No. 133" ("SFAS 138").

The Company recognizes all derivatives on the balance sheet at fair value. On the date the derivative instrument is entered into, the Company generally designates the derivative as a hedge of the fair value of a recognized asset. Changes in the fair value of a derivative that is designated as, and meets all the required criteria for, a fair value hedge, along with the gain or loss on the hedged asset attributable to the hedged risk, are recorded in current period earnings. The portion of the change in fair value of a derivative associated with hedge ineffectiveness or the component of a derivative instrument excluded from the assessment of hedge effectiveness is recorded currently in earnings. Also, changes in the entire fair value of a derivative that is not designated as a hedge are recognized immediately in earnings. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes relating all derivatives that are designated as fair value hedges to specific assets on the balance sheet.

The Company also formally assesses, both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values of the hedged item. If it is determined that a derivative is not highly effective as a hedge or if a derivative ceases to be a highly effective hedge, the Company will discontinue hedge accounting prospectively. During 2002, the Company discontinued hedge accounting prospectively for certain derivatives utilized to manage economic exposure because of hedge ineffectiveness. The Company may continue to enter into economic hedges to support certain business strategies but may not designate such derivatives as accounting hedges. Management's decision to no longer apply hedge accounting to certain derivatives as well as hedge ineffectiveness may cause volatility in quarterly earnings and equity. Currently, the Company does not apply hedge accounting to any of its derivative instruments.

At September 30, 2003, Net (loss) gain from investments on the accompanying Consolidated Statements of Income includes a net loss of \$740 and \$2,657 from changes in the fair value of the hedge instruments for the three and nine month periods ended September 30, 2003, respectively.

The Company currently holds futures contracts with a notional amount of \$16,546 with a financial institution with various terms. The Company also currently holds equity derivatives with a notional amount of \$8,783 with a financial institution with various terms. During the nine month period ending September 30, 2003, the Company did not enter into or hold derivative financial instruments for trading purposes.

Note 6. Other Assets - Other assets on the accompanying Consolidated Balance Sheets consist of the following:

	<u>September 30, 2003</u>	<u>December 31, 2002</u>
Investment in unconsolidated affiliate	\$ 20,751	\$ 8,535
Other, net	11,986	14,890
	<u>32,737</u>	<u>23,425</u>
Other assets	\$ 32,737	\$ 23,425

Other, net consists of long-term prepaid expenses, deposits and other investments carried at cost.

During the nine month period ended September 30, 2003, the Company recorded an impairment charge for \$1,196 related to an equity investment in a private technology company and is reflected in Net (loss) gain from investments on the accompanying Consolidated Statements of Income.

Investment in Unconsolidated Affiliate – LSV Asset Management (“LSV”) is a partnership formed between the Company and several leading academics in the field of finance. LSV is a registered investment advisor, which provides investment advisory services to institutions, including pension plans and investment companies. LSV is currently the portfolio manager for a number of Company-sponsored mutual funds. The Company’s interest in LSV was approximately 44 percent for the six month period ending June 30, 2003 and increased to approximately 46 percent for the three month period ending September 30, 2003. The Company’s interest in LSV was approximately 44 percent for the nine month period ending September 30, 2002. LSV is accounted for using the equity method of accounting due to the Company’s less than 50 percent ownership. The Company’s portion of LSV’s net earnings is reflected in Equity in the earnings of unconsolidated affiliate on the accompanying Consolidated Statements of Income.

On June 30, 2003, the Company entered into an Assignment and Purchase Agreement (the “Purchase Agreement”) to acquire an additional two percent interest in LSV. As a result of the Purchase Agreement, the Company’s total partnership interest in LSV is approximately 46 percent. At September 30, 2003, the basis of the Company’s investment in LSV exceeded its underlying equity in the net assets of LSV by \$8,048. The Company accounts for this amount as goodwill embedded in its investment in LSV. The Company does not record amortization expense associated with such embedded goodwill but assesses whether such embedded goodwill is impaired on an annual basis. The embedded goodwill in LSV was not deemed impaired during the nine month period ended September 30, 2003. In addition, the Purchase Agreement contains a contingent payment provision that is triggered in the event of the sale of a certain percentage of the Partnership’s business and assets. The contingent payment provision expires on January 1, 2006.

The following table contains the condensed statements of income of LSV for the three and nine month period ended September 30:

	Three Month Period Ended September 30,		Nine Month Period Ended September 30,	
	2003	2002	2003	2002
Revenues	\$ 16,569	\$ 9,047	\$ 41,061	\$ 26,914
Net income	\$ 13,564	\$ 6,526	\$ 32,898	\$ 19,716

The following table contains the condensed balance sheets of LSV:

	September 30, 2003	December 31, 2002
Current assets	\$ 28,345	\$ 18,193
Non-current assets	393	280
Total assets	\$ 28,738	\$ 18,473
Current liabilities	\$ 2,272	\$ 2,383
Partners’ capital	26,466	16,090
Total liabilities and partners’ capital	\$ 28,738	\$ 18,473

Note 7. Accrued Expenses – Accrued expenses on the accompanying Consolidated Balance Sheets consist of the following:

	<u>September 30, 2003</u>	<u>December 31, 2002</u>
Accrued compensation	\$ 28,487	\$ 33,612
Accrued brokerage services	8,698	9,103
Accrued income taxes	5,281	9,281
Other accrued expenses	70,833	67,431
	<u> </u>	<u> </u>
Total accrued expenses	\$ 113,299	\$ 119,427

Note 8. Credit Agreement – On September 15, 2003 (the “Closing Date”), the Company entered into a \$200,000 364-day Credit Agreement (the “Credit Facility”). The Credit Facility became available on the Closing Date and ends 364 days after the Closing Date (the “Termination Date”). At the Termination Date, any aggregate principal amount of loans outstanding under the Credit Facility will, at the Company’s option, convert to a one-year term loan, payable in four equal quarterly installments. The Credit Facility, when utilized, will accrue interest at the Prime Rate or one hundredths of one percent above the London Interbank Offer Rate (“LIBOR”). The Company is obligated to pay a commitment fee equal to one-quarter of one percent per annum on the daily unused portion of the Credit Facility. The Credit Facility contains various covenants, including limitations of indebtedness, maintenance of minimum net worth levels, and restrictions on certain investments. None of these covenants currently negatively affect the Company’s liquidity or capital resources. As of September 30, 2003, the Company had no borrowings under the Credit Facility.

Note 9. Long-term Debt - On February 24, 1997, the Company signed a Note Purchase Agreement authorizing the issuance and sale of \$20,000 of 7.20 percent Senior Notes, Series A, and \$15,000 of 7.27 percent Senior Notes, Series B (collectively, the “Notes”), in a private offering with certain financial institutions. The Notes are unsecured with final maturities ranging from 10 to 15 years. The Note Purchase Agreement, as amended, contains various covenants, including limitations on indebtedness, maintenance of minimum net worth levels, and restrictions on certain investments. In addition, the Note Purchase Agreement limits the Company’s ability to merge or consolidate, and to sell certain assets. The Company was in compliance with all covenants during the nine month period ended September 30, 2003. Principal payments on the Notes are made annually from the date of issuance while interest payments are made semi-annually. The Company made its scheduled principal payment of \$4,000 in February 2003. The current portion of the Notes amounted to \$4,000 at September 30, 2003.

On June 26, 2001, the Company entered into a term loan agreement (the “Loan Agreement”) with a separate lending institution. The Loan Agreement, as amended, provides for borrowing up to \$25,000 in the form of a term loan, and expires on March 31, 2006 and is payable in 17 equal quarterly installments. On August 2, 2001, the Company borrowed the entire \$25,000. The Loan Agreement accrues interest at the Prime Rate or one and thirty-five hundredths of one percent above LIBOR. The Loan Agreement contains various covenants, including limitations on indebtedness and restrictions on certain investments. None of these covenants negatively affect the Company’s liquidity or capital resources. The Company was in compliance with all covenants during the nine month period ending September 30, 2003. The Company made its scheduled principal payments of \$1,389 in March, June and September of 2003. The current portion of the notes amounted to \$5,556 at September 30, 2003. The interest rate being applied at September 30, 2003 was 2.51 percent.

On June 30, 2003, the Company had a payable to LSV in the amount of \$7,250, which bears interest at the rate of four percent per annum and is to be repaid in six quarterly installments beginning July 1, 2003. The Company made its first scheduled principal payment of \$1,238 In July 2003. The current portion of the debt amounted to \$4,809 at September 30, 2003.

Note 10. Common Stock Buyback - The Board of Directors has authorized the purchase of the Company's common stock on the open market or through private transactions of up to an aggregate of \$703,365. Beginning with the inception of the Company's common stock buyback program and through September 30, 2003, a total of 109,000,000 shares at an aggregate cost of \$672,176 have been purchased and retired. The Company purchased 2,519,000 shares at a total cost of \$65,880 during the nine month period ended September 30, 2003.

The Company immediately retires its common stock when purchased. Upon retirement, the Company reduces Capital in excess of par value for the average capital per share outstanding and the remainder is charged against Retained earnings. If the Company reduces its Retained earnings to zero, any subsequent purchases of common stock will be charged entirely to Capital in excess of par value.

Note 11. Segment Information – The Company defines its business segments in accordance with Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 establishes standards for the way public business enterprises report financial information about operating segments in financial statements. SFAS 131 also requires additional disclosures about product and services, geographic areas, and major customers.

The Company's management evaluates financial performance of its operating segments based on Income from operations. The Company's operations are organized into separate business units that offer products and services tailored for particular market segments. The Company's reportable segments are Private Banking and Trust, Investment Advisors, Enterprises, Money Managers, and Investments in New Businesses. The accounting policies of the reportable segments are the same as those described in Note 1. The information in the following tables is derived from the Company's internal financial reporting used for corporate management purposes.

The following tables highlight certain financial information about each of the Company's segments for the three month periods ended September 30, 2003 and 2002.

	<u>Private Banking and Trust</u>	<u>Investment Advisors</u>	<u>Enterprises</u>	<u>Money Managers</u>	<u>Investments In New Businesses</u>	<u>General and Administrative</u>	<u>Total</u>
For the Three Month Period Ended September 30, 2003							
Revenues	\$ 73,805	\$ 42,372	\$ 17,965	\$ 14,136	\$ 12,778		\$ 161,056
Operating income (loss)	\$ 27,925	\$ 21,937	\$ 8,691	\$ 2,391	\$ (4,412)	\$ (7,394)	\$ 49,138
Other income, net							\$ 7,050
Income before income taxes							\$ 56,188
Depreciation and amortization	\$ 2,284	\$ 735	\$ 228	\$ 302	\$ 332	\$ 162	\$ 4,043
Capital expenditures	\$ 5,307	\$ 1,682	\$ 765	\$ 525	\$ 809	\$ 483	\$ 9,571
For the Three Month Period Ended September 30, 2002							
Revenues	\$ 80,510	\$ 35,866	\$ 13,393	\$ 12,502	\$ 11,045		\$ 153,316
Operating income (loss)	\$ 34,296	\$ 20,023	\$ 5,502	\$ 2,118	\$ (3,520)	\$ (5,779)	\$ 52,640
Other income, net							\$ 4,075
Income before income taxes							\$ 56,715
Depreciation and amortization	\$ 2,736	\$ 820	\$ 279	\$ 289	\$ 345	\$ 146	\$ 4,615
Capital expenditures	\$ 2,983	\$ 986	\$ 370	\$ 417	\$ 308	\$ 283	\$ 5,347

The following tables highlight certain financial information about each of the Company's segments for the nine month periods ended September 30, 2003 and 2002.

	Private Banking and Trust	Investment Advisors	Enterprises	Money Managers	Investments In New Businesses	General and Administrative	Total
For the Nine Month Period Ended September 30, 2003							
Revenues	\$ 228,319	\$ 115,364	\$ 46,356	\$ 39,574	\$ 35,602		\$ 465,215
Operating income (loss)	\$ 94,962	\$ 61,722	\$ 21,444	\$ 6,670	\$ (14,008)	\$ (17,880)	\$ 152,910
Other income, net							\$ 13,372
Income before income taxes							\$ 166,282
Depreciation and amortization	\$ 7,370	\$ 2,364	\$ 643	\$ 919	\$ 946	\$ 428	\$ 12,670
Capital expenditures	\$ 11,935	\$ 3,867	\$ 1,758	\$ 1,236	\$ 2,438	\$ 1,110	\$ 22,344
For the Nine Month Period Ended September 30, 2002							
Revenues	\$ 246,346	\$ 113,986	\$ 42,420	\$ 34,103	\$ 34,527		\$ 471,382
Operating income (loss)	\$ 101,773	\$ 58,463	\$ 16,682	\$ 6,693	\$ (10,142)	\$ (17,460)	\$ 156,009
Other income, net							\$ 11,436
Income before income taxes							\$ 167,445
Depreciation and amortization	\$ 8,337	\$ 2,315	\$ 807	\$ 783	\$ 959	\$ 413	\$ 13,614
Capital expenditures	\$ 12,693	\$ 4,282	\$ 1,947	\$ 1,451	\$ 1,741	\$ 1,229	\$ 23,343

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(In thousands, except asset balances and per share data)

This discussion reviews and analyzes the consolidated financial condition at September 30, 2003 and 2002, the consolidated results of operations for the three and nine month period ended September 30, 2003 and 2002 and other key factors that may affect future performance. This discussion should be read in conjunction with the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements.

Results of Operations*Three and Nine Month Periods Ended September 30, 2003 compared to Three and Nine Month Periods Ended September 30, 2002***Consolidated Overview**

Operations are organized into business units that offer various products and services tailored for particular market segments. Reportable segments are Private Banking and Trust, Investment Advisors, Enterprises, Money Managers, and Investments in New Businesses. The accounting policies of the business segments are the same as those used in the preparation of the consolidated financial statements. Management evaluates financial performance of the operating segments based on Income from operations.

	Three Month Period Ended			Nine Month Period Ended		
	Sept. 30 2003	Sept. 30 2002	Percent Change	Sept. 30 2003	Sept. 30 2002	Percent Change
Private Banking and Trust:						
Revenues	\$ 73,805	\$ 80,510	(8)%	\$ 228,319	\$ 246,346	(7)%
Income from operations	27,925	34,296	(19)%	94,962	101,773	(7)%
Investment Advisors:						
Revenues	42,372	35,866	18%	115,364	113,986	1%
Income from operations	21,937	20,023	10%	61,722	58,463	6%
Enterprises:						
Revenues	17,965	13,393	34%	46,356	42,420	9%
Income from operations	8,691	5,502	58%	21,444	16,682	29%
Money Managers:						
Revenues	14,136	12,502	13%	39,574	34,103	16%
Income from operations	2,391	2,118	13%	6,670	6,693	—
Investments in New Businesses:						
Revenues	12,778	11,045	16%	35,602	34,527	3%
Loss from operations	(4,412)	(3,520)	(25)%	(14,008)	(10,142)	38%
General and Administrative:						
Loss from operations	(7,394)	(5,779)	28%	(17,880)	(17,460)	2%
Consolidated Segment Totals:						
Revenues	\$ 161,056	\$ 153,316	5%	\$ 465,215	\$ 471,382	(1)%
Income from operations	\$ 49,138	\$ 52,640	(7)%	\$ 152,910	\$ 156,009	(2)%
Other income, net	7,050	4,075	73%	13,372	11,436	17%
Income before income taxes	56,188	56,715	(1)%	166,282	167,445	(1)%
Income taxes	20,789	20,984	(1)%	61,524	61,954	(1)%
Net income	\$ 35,399	\$ 35,731	(1)%	\$ 104,758	\$ 105,491	(1)%
Diluted earnings per share	\$.33	\$.32	3%	\$.97	\$.93	4%

Consolidated revenues increased \$7.7 million, or 5 percent, to \$161.1 million for the three month period ended September 30, 2003 compared with the three month period ended September 30, 2002. For the nine month period ended September 30, 2003, consolidated revenues decreased \$6.2 million, or 1 percent, to \$465.2 million as compared to the prior year comparable period. The primary driver for the increase in revenues during the three months ended September 30, 2003 was the recognition of approximately \$7.0 million in non-recurring brokerage fees. These fees were for transition management services we provided to our mutual funds during a portfolio restructuring because of a change in the funds sub-advisors. Investment management fees in both comparable periods increased as a result of higher average assets under management due to improved capital market conditions and new business activity. However, the percentage earned from average assets under management decreased in both comparable periods due to a shift in some assets from higher-fee products into lower-fee products. The fees earned from average client proprietary assets under administration decreased significantly during both comparable periods because of client losses in the fund processing business. We have also experienced a significant decline in non-recurring project fees for the Investment processing business in both comparable periods.

Operating margins before General and administrative expenses declined to 35 percent for the three month period ended September 30, 2003, from 38 percent for the prior year comparable period. Operating margins for the nine month periods ended September 30, 2003 and 2002 was approximately 37 percent. Results reflect increased investment spending during the third quarter 2003 for the development of new products and services. A portion of this increased spending was capitalized. Operating margins during the third quarter of 2003 were also negatively impacted by increased personnel and promotional costs, as well as the recognition of some significant one-time expenses.

Other income primarily includes earnings from our unconsolidated affiliate, interest income, interest expense and realized gains and losses from available-for-sale securities. The increase in other income was mainly due to a significant increase in the earnings of our unconsolidated affiliate. This increase resulted from growth in average assets under management because of new business activity and a higher amount of performance related fees. Our percentage of net profit from the unconsolidated affiliate is reflected in other income. Other income was negatively impacted in 2003 by losses from hedging activities, realized losses from the sale of available-for-sale securities and the write-down in the value of investments considered other than temporary.

Diluted earnings per share increased three percent during the three month period ended September 30, 2003 compared with the three month period ended September 30, 2002 and increased four percent during the nine month period ended September 30, 2003, as compared to the prior year comparable period. This increase was due to a decrease in the number of shares used to calculate diluted earnings per share as a result of our stock repurchase program.

Although we remain optimistic about our long-term prospects, the outlook for the capital markets remains uncertain. This could lead to the continued devaluation in the assets we manage and/or administer, continued redemption rates, and prolonged buying decisions among our clients.

Asset Balances

(In millions)

	As of September 30,		Percent Change
	2003	2002	
Assets invested in equity and fixed income programs	\$ 56,741	\$ 46,195	15%
Assets of unconsolidated affiliate invested in equity and fixed income programs	12,435	6,255	99%
Assets invested in liquidity funds	18,227	19,763	(8)%
Assets under management	87,403	72,213	21%
Client proprietary assets under administration	154,951	161,207	(4)%
Assets under management and administration	\$ 242,354	\$ 233,420	4%

The asset figures shown above represent assets of our clients or their customers for which we provide management and/or administrative services and are excluded from the accompanying balance sheets, since we do not own these assets. Assets of unconsolidated affiliate represent assets of their clients or their

customers for which they provide management services. Assets under management consist of our clients or their customers assets invested in our equity and fixed income investment programs and liquidity funds for which we provide management services. Assets under management and administration consist of our clients or their customers assets for which we provide management and administrative services, including client proprietary fund balances for which we provide administration and/or distribution services.

Private Banking and Trust

Private Banking and Trust provides investment processing solutions, fund processing solutions, and investment management programs to banks and private trust companies. Investment processing solutions primarily include outsourcing services as an application service provider, or ASP, through our TRUST 3000 product line and as a business service provider, or BSP, through our trust company. TRUST 3000 includes integrated systems that provide a complete investment accounting and management information system for private banks and trust institutions. Revenues are primarily earned from monthly processing and software servicing fees and non-recurring project fees.

Fund processing solutions include administration and distribution services provided to bank proprietary mutual funds. These services primarily include fund administration and accounting, regulatory and compliance services, shareholder recordkeeping, and marketing. Revenues are earned primarily as a percentage of the average asset values of the proprietary funds.

Investment management fees are earned primarily as a percentage of the average asset value of assets under management.

	Three Month Period Ended			Nine Month Period Ended		
	Sept 30, 2003	Sept 30, 2002	Percent Change	Sept 30, 2003	Sept 30, 2002	Percent Change
Revenues:						
Investment processing fees	\$ 53,846	\$ 57,330	(6)%	\$ 164,913	\$ 171,659	(4)%
Fund processing fees	10,048	13,360	(25)%	33,619	43,696	(23)%
Investment management fees	9,911	9,820	1%	29,787	30,991	(4)%
Total revenues	73,805	80,510	(8)%	228,319	246,346	(7)%
Expenses:						
Operating and development	36,254	33,854	7%	106,646	111,117	(4)%
Sales and marketing	9,626	12,360	(22)%	26,711	33,456	(20)%
Income from operations	\$ 27,925	\$ 34,296	(19)%	\$ 94,962	\$ 101,773	(7)%
Operating margin	38%	43%		42%	41%	
Percent of Revenue:						
Operating and development	49%	42%		46%	45%	
Sales and marketing	13%	15%		12%	14%	

Investment processing fees decreased \$3.5 million, or 6 percent, during the three month period ended September 30, 2003, as compared to the corresponding prior year period. For the nine month period ended September 30, 2003, investment processing fees decreased \$6.7 million, or 4 percent, as compared to the prior year comparable period. This decrease in both comparable periods was primarily due to a decrease in transaction-based fees from our brokerage services and lower non-recurring project fees. However, our recurring revenue base has increased in both comparable periods that has partially mitigated the reduction in non-recurring fees.

Fund processing fees decreased \$3.3 million, or 25 percent, during the three month period ended September 30, 2003, as compared to the corresponding prior year period. For the nine month period ended September 30, 2003, fund processing fees decreased \$10 million, or 23 percent. The decline in our fund processing fees was mainly due to client losses.

Operating margin during the three month period ended September 30, 2003 decreased relative to the same period in 2002 due to a higher level of investment spending for the development of new products and services. Personnel, mainly compensation, also increased during this period. However, there was a corresponding

decrease in direct expenses associated with the decline in transaction-based fees and fund processing fees. Operating margin during the nine month period ended September 30, 2003 increased slightly due to our cost containment efforts during the past year.

Investment Advisors

Investment Advisors provides investment management programs and investment processing solutions to affluent investors distributed through a network of independent registered investment advisors, financial planners and other investment professionals. Revenues are primarily earned as a percentage of the average asset values under management.

	Three Month Period Ended			Nine Month Period Ended		
	Sept 30, 2003	Sept 30, 2002	Percent Change	Sept 30, 2003	Sept 30, 2002	Percent Change
Total Revenues	\$ 42,372	\$ 35,866	18%	\$ 115,364	\$ 113,986	1%
Expenses:						
Operating and development	10,640	8,393	27%	31,023	28,303	10%
Sales and marketing	9,795	7,450	31%	22,619	27,220	(17)%
Income from operations	\$ 21,937	\$ 20,023	10%	\$ 61,722	\$ 58,463	6%
Operating margin	52%	56%		54%	51%	
Percent of Revenue:						
Operating and development	25%	23%		27%	25%	
Sales and marketing	23%	21%		19%	24%	

Revenues increased \$6.5 million, or 18 percent, for the three month period ended September 30, 2003 compared with the three month period ended September 30, 2002. For the nine month period ended September 30, 2003, revenues increased \$1.4 million, or 1 percent, as compared with the corresponding prior year period. Revenues for the third quarter 2003 increased substantially due to the recognition of approximately \$3.5 million in non-recurring brokerage fees. These fees were for transition management services we provided to our mutual funds during a portfolio restructuring because of a change in the funds sub-advisors. Also, our revenues increased in both comparable periods due to higher average asset balances relative to prior year average asset balances for the same time periods. This was mainly due to improved capital market conditions. Although average assets under management increased due to market appreciation, net asset funding for the quarter decreased due to redemptions. Redemptions were impacted by the closing of our variable annuity fund and the loss of a large offshore client. Without these two items, net asset funding would have been positive for the quarter.

Operating margin during the three month period ended September 30, 2003 decreased due to higher investment spending for new products and services and the recognition of some one-time costs. Operating margin improvement during the first nine months of 2003 was primarily due to the management of certain discretionary expenses, mainly marketing and compensation.

Enterprises

Enterprises provides business solutions to pension plan sponsors, hospitals, foundations, unions, endowment funds and other institutional investors. We also provide treasury business solutions to corporations. Revenues are earned primarily as a percentage of the average asset values under management.

	Three Month Period Ended			Nine Month Period Ended		
	Sept 30, 2003	Sept 30, 2002	Percent Change	Sept 30, 2003	Sept 30, 2002	Percent Change
Total Revenues	\$ 17,965	\$ 13,393	34%	\$ 46,356	\$ 42,420	9%
Expenses:						
Operating and development	4,183	4,147	1%	11,248	13,017	(14)%
Sales and marketing	5,091	3,744	36%	13,664	12,721	7%
Income from operations	\$ 8,691	\$ 5,502	58%	\$ 21,444	\$ 16,682	29%
Operating margin	48%	41%		46%	39%	
Percent of Revenue:						
Operating and development	23%	31%		24%	31%	
Sales and marketing	29%	28%		30%	30%	

Revenues increased \$4.6 million, or 34 percent, for the three month period ended September 30, 2003 compared with the three month period ended September 30, 2002. For the nine month period ended September 30, 2003, revenues increased \$3.9 million, or 9 percent, as compared with the corresponding prior year period. Revenues in the third quarter 2003 were boosted from the recognition of approximately \$3.0 million in non-recurring brokerage fees. These fees were for transition management services we provided to our mutual funds during a portfolio restructuring because of a change in the funds sub-advisors. Average asset balances for the third quarter and year-to-date increased slightly over prior year comparable balances due to improved capital market conditions and new business activity.

Income from operations and operating margin in both comparable periods increased due to management of discretionary spending, primarily for marketing and personnel expenses and the inclusion of the significant non-recurring brokerage fees.

Money Managers

Money Managers provides investment solutions to U.S investment managers, U.S. based mutual fund companies and to investment managers worldwide of alternative asset classes (e.g., hedge funds and private equity funds). Revenues are earned primarily as a percentage of the average asset values under management and administration.

	Three Month Period Ended			Nine Month Period Ended		
	Sept 30, 2003	Sept 30, 2002	Percent Change	Sept 30, 2003	Sept 30, 2002	Percent Change
Total Revenues	\$ 14,136	\$ 12,502	13%	\$ 39,574	\$ 34,103	16%
Expenses:						
Operating and development	8,497	6,528	30%	23,638	17,614	34%
Sales and marketing	3,248	3,856	(16)%	9,266	9,796	(5)%
Income from operations	\$ 2,391	\$ 2,118	13%	\$ 6,670	\$ 6,693	—
Operating margin	17%	17%		17%	20%	
Percent of Revenue:						
Operating and development	60%	52%		60%	51%	
Sales and marketing	23%	31%		23%	29%	

Revenues increased \$1.6 million, or 13 percent, for the three month period ended September 30, 2003 compared with the three month period ended September 30, 2002. For the nine month period ended September 30, 2003, revenues increased \$5.5 million, or 16 percent, as compared to the prior year comparable period. Average asset balances increased in both comparable periods contributing to the increase in revenues. The increase in average asset balances and revenues was mainly due to improved capital market condition and new business activity.

Income from operations and profit margin in both comparable periods were negatively affected by increased levels of spending associated with building the necessary infrastructure to provide a complete business solution for this market. A substantial portion of this spending was for increased personnel and other operating costs.

Investments in New Businesses

Investments in New Businesses provides investment management, fund processing, and investment processing solutions to non-U.S. banks, investment advisors, enterprises and money managers located outside the United States. This segment also includes other initiatives in new U.S. markets. Revenues are earned primarily as a percentage of the average asset values under management.

	Three Month Period Ended			Nine Month Period Ended		
	Sept 30, 2003	Sept 30, 2002	Percent Change	Sept 30, 2003	Sept 30, 2002	Percent Change
Total Revenues	\$ 12,778	\$ 11,045	16%	\$ 35,602	\$ 34,527	3%
Expenses:						
Operating and development	11,159	9,035	24%	32,934	28,829	14%
Sales and marketing	6,031	5,530	9%	16,676	15,840	5%
Loss from operations	\$ (4,412)	\$ (3,520)	25%	\$ (14,008)	\$ (10,142)	38%
Operating margin	(35)%	(32)%		(39)%	(29)%	
Percent of Revenue:						
Operating and development	88%	82%		92%	84%	
Sales and marketing	47%	50%		47%	45%	

Revenues increased \$1.7 million, or 16 percent, for the three month period ended September 30, 2003 compared with the three month period ended September 30, 2002. For the nine month period ended September 30, 2003, revenues increased \$1.1 million, or 3 percent, as compared to the prior year comparable period. We continue to experience positive market acceptance of our investment solution offerings in Canada and Europe. New business activity in these regions has increased during the past year.

Operating losses in each period include investments made in the infrastructure of our European-based operations and technology costs to further enhance our product offerings. We also continue to invest in expanding our distribution channels in our target markets and other U.S. based initiatives. We expect continued investment in these regions to build our distribution network and enhance our product offerings throughout the remainder of 2003 and into 2004 and should continue to incur losses.

General & Administrative

General and administrative expense primarily consists of corporate overhead costs and other costs not directly attributable to a reportable business segment.

	Three Month Period Ended			Nine Month Period Ended		
	Sept 30, 2003	Sept 30, 2002	Percent Change	Sept 30, 2003	Sept 30, 2002	Percent Change
General and Administrative	\$ 7,394	\$ 5,779	28%	\$ 17,880	\$ 17,460	2%
Percent of Consolidated Revenue	5%	4%		4%	4%	

General and administrative expenses during the third quarter of 2003 include additional costs related to compliance with regulatory requirements.

Other Income

Other income on the accompanying Consolidated Statements of Income consist of the following:

	Three Month Period Ended			Nine Month Period Ended		
	Sept 30, 2003	Sept 30, 2002	Percent Change	Sept 30, 2003	Sept 30, 2002	Percent Change
Equity in the earnings of unconsolidated affiliate	\$ 6,288	\$ 2,861	120%	\$ 14,763	\$ 8,643	71%
Net gain (loss) on investments	509	574	(11)%	(3,673)	574	(740)%
Interest income	817	1,303	(37)%	3,424	3,847	(11)%
Interest expense	(564)	(663)	(15)%	(1,651)	(1,628)	1%
Other	—	—	—	509	—	(100)%
Total other income, net	\$ 7,050	\$ 4,075	73%	\$ 13,372	\$ 11,436	17%

Equity in the earnings of unconsolidated affiliate on the accompanying Consolidated Statements of Income includes our less than 50 percent ownership interest in the general partnership of LSV Asset Management ("LSV") (See Note 6 to the Consolidated Financial Statements). The increase in LSV's net earnings is due to an increase in assets under management from new business activity and a higher amount of performance related fees.

Net loss from investments for the nine month period ended September 30, 2003 includes a loss of \$2.6 million from hedge ineffectiveness, a charge for \$0.6 million for other-than-temporary declines in market value, \$1.2 million for the write-down of an equity investment in a private technology firm and \$0.7 million in realized gains from sales of marketable securities.

Interest income is earned based upon the amount of cash that is invested daily and fluctuations in interest income recognized for one period in relation to another is due to changes in the average cash balance invested for the period and/or changes in interest rates.

Interest expense is directly attributable to our long-term debt and other borrowings.

Income Taxes

Our effective tax rate was 37.0 percent for each of the nine month periods ending September 30, 2003 and 2002.

Liquidity and Capital Resources

	Nine Month Period Ended September 30,	
	2003	2002
Net cash provided by operating activities	\$ 123,862	\$ 128,200
Net cash used in investing activities	(22,300)	(18,185)
Net cash used in financing activities	(74,679)	(111,626)
Net increase (decrease) in cash and cash equivalents	26,883	(1,611)
Cash and cash equivalents, beginning of period	165,724	163,685
Cash and cash equivalents, end of period	\$ 192,607	\$ 162,074

Cash requirements and liquidity needs are primarily funded through our cash flow from operations and our capacity for additional borrowing. We currently have a line of credit that provides for borrowings of up to \$200.0 million. The availability of the line of credit is subject to compliance with certain covenants set forth in the agreement, (See Note 8 of the Notes to Consolidated Financial Statements). At September 30, 2003 the unused sources of liquidity consisted of unrestricted cash and cash equivalents of \$192.6 million and the unused portion of the line of credit of \$200.0 million.

Net cash provided by operating activities for the nine month period ended September 30, 2003 decreased \$4.3 million relative to the same comparable period in 2002. The decrease in cash flow from operations was primarily due an increase in receivables.

Net cash used in investing activities primarily includes capital expenditures and purchases and sales of available-for-sale securities. Net cash used in investing activities increased about \$4.1 million during the nine month period ended September 30, 2003 as compared to the prior year period. Capital expenditures for property, plant and equipment, including capitalized software development costs, were \$22.3 million for the nine month period ended September 30, 2003 verses \$23.3 million for the prior year comparable period. Capital expenditures in the nine month period ended September 30, 2003 included \$12.0 million related to the expansion of our corporate headquarters. This expansion is being done to relocate our data center from a facility that we are currently leasing. We expect this project to be completed by the beginning of 2004. Purchases of available-for-sale securities in the nine month period ended September 30, 2003 were approximately \$39.9 million, as compared to \$16.5 million in the prior year period, whereas sales of available-for-sale securities totaled \$40.4 million in the nine month period ended September 30, 2003, as compared to \$21.2 in the prior year period.

Net cash used in financing activities primarily includes principal payments on our debt, the repurchase of our common stock and dividend payments. Net cash used in financing activities decreased approximately \$36.9 million during the nine month period ended September 30, 2003 relative to the same period in 2002. This decrease was primarily due to a decrease in stock repurchases. The board of directors had authorized the repurchase of our common stock up to \$703.4 million. During the nine month period ended September 30, 2003, the Company purchased 2.5 million shares at a cost of \$65.9 million, as compared to purchases of 3.7 million shares at a cost of \$103.6 million during the comparable prior year period. As of October 31, 2003, we still had \$23.3 million of authorization remaining for the purchase of our common stock under this program.

We made principal payments of \$4.0 million for the Senior Notes, \$4.2 million for the term loan and \$1.2 million for the purchase agreement during the nine month period ended September 30, 2003. We made principal payments of \$2.0 million for the Senior Notes and \$4.2 million for the term loan during the nine month period ended September 30, 2002 (See Note 9 to the Consolidated Financial Statements).

Cash dividends paid were \$13.7 million or \$.13 per share in the nine month period ended September 30, 2003 and \$12.1 million or \$.11 per share during the comparable prior year period. Our Board of Directors has indicated its intention to continue making cash dividend payments.

Forward-Looking Information and Risk Factors

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. Certain information contained in this discussion is or may be considered forward-looking. Forward-looking statements relate to future operations, strategies, financial results or other developments. Forward-looking statements are based upon estimates and assumptions that involve certain risks and uncertainties, many of which are beyond our control or are subject to change. Although we believe our assumptions are reasonable, they could be inaccurate. Our actual future revenues and income could differ materially from our expected results. We have no obligation to publicly update or revise any forward-looking statements.

Among the risks and uncertainties which may affect our future operations, strategies, financial results or other developments are those risks described in our annual report on Form 10-K. These risks include the following:

- changes in capital markets which may affect our revenues and earnings
- changes in interest rates
- the performance of the funds we manage
- consolidation within our target markets, including consolidations between banks and other financial institutions
- systems and technology risks, and
- the effect of extensive governmental regulation.

SEI and our clients are subject to extensive governmental regulation. Our various business activities are conducted through entities which may be registered with the Securities and Exchange Commission as an investment adviser, a broker-dealer, a transfer agent, an investment company or with the US Office of Thrift Supervision or state banking authorities as a trust company. Our broker-dealer is also a member of the National Association of Securities Dealers and is subject to its rules and oversight. Many of our clients are subject to substantial regulation by federal and state banking, securities or insurance authorities or the Department of Labor. Compliance with existing and future regulations and responding to and complying with recent regulatory activity affecting broker-dealers, investment companies and their service providers could have a significant impact on us. We have responded and are currently responding to various regulatory examinations and requests and generally implementing changes and reviewing our compliance procedures and business operations. These activities resulted in increased general and administrative costs during the third quarter of 2003 and may continue to result in higher general and administrative costs, in amounts which may be material and which could affect our future operations and financial results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk - Our exposure to changes in interest rates primarily relates to our investment portfolio and long-term debt obligations. Our excess cash is principally invested in short-term, highly liquid financial instruments, mainly money market funds, with initial maturities of three month period or less. Our investment portfolio also includes some long-term fixed income mutual funds, principally invested in federal government agency securities. We place our investments in financial instruments that meet high credit quality standards. A portion of our long-term debt is based upon a variable rate which renews every three month period. While changes in interest rates could decrease interest income or increase interest expense, we do not believe that we have a material exposure to changes in interest rates. We do not undertake any specific actions to cover our exposure to interest rate risk and are not a party to any interest rate risk management transactions.

Concentration of Credit Risk – Financial instruments which potentially expose us to concentrations of credit risk consist primarily of cash equivalents, marketable securities and trade receivables. Cash equivalents are principally invested in short-term money market funds or placed with major banks and high credit qualified financial institutions. Concentrations of credit risk with respect to our receivables are limited due to the large number of clients and their dispersion across geographic areas. No single group or customer represents greater than 10 percent of total accounts receivable.

Foreign Currency Risk – We transact business in the local currencies of various foreign countries, principally Canada, Europe and Asia. The total of all of our foreign operations only accounts for approximately 8 percent of total consolidated revenues. Also, most of our foreign operations match local currency revenues with local currency costs. Due to these reasons, we do not hedge against foreign operations nor do we expect any material loss with respect to foreign currency risk.

Price Risk - We are exposed to price risk associated with changes in the fair value of our investment portfolio. To provide some protection against potential fair value changes for some of these investments, we have entered into various derivative financial instruments. We currently hold derivative financial instruments with a notional amount of \$25.3 million with various terms, generally less than one year. The effectiveness of these hedging relationships is evaluated on a retrospective and prospective basis using quantitative measures of correlation. If a hedge is ineffective, any excess gains or losses attributable to such ineffectiveness are recognized in current period earnings. During the nine month period ended September 30, 2003, we did not enter into or hold any derivative financial instruments for trading purposes.

During the nine month period ended September 30, 2003, we recorded a \$0.6 million impairment charge related to other-than-temporary declines in the fair value of certain securities held within our investment portfolio. Also, the amount of hedge ineffectiveness that was charged to current period earnings was a loss of \$2.6 million. The aggregate effect of a hypothetical 10 percent change in the fair value of these derivative financial instruments would not be material to our results of operations, financial position, or liquidity.

A significant portion of our revenues are based upon the market value of assets we manage or administer. A decline in the market value of these assets as a result of changes in market conditions, the general economy or other factors will negatively impact our revenues and earnings.

Item 4. Controls and Procedures**(a) Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report are functioning effectively to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. A controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Change in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- (a) The following is a list of exhibits filed as part of the Form 10-Q.
- 10.1 \$200,000 364 Day Credit Agreement, dated September 15, 2003, among SEI Investments Company, the lenders thereto, Bank One, N.A., The Bank of Nova Scotia, Union Bank of California, N.A., PNC Bank, National Association and Wachovia Bank, National Association. (Page 32)
 - 10.2 First Amendment to Loan Agreement, dated September 15, 2003, between SEI Investments Company and U.S. Bank National Association. (Page 98)
 - 31.1 Certification of Alfred P. West, Jr, Chairman and Chief Executive Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Page 106)
 - 31.2 Certification of Dennis J. McGonigle, Chief Financial Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Page 107)
 - 32.1 Certification of Alfred P. West, Jr., Chairman and Chief Executive Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Page 108)
 - 32.2 Certification of Dennis J. McGonigle, Chief Financial Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Page 109)
- (b) Reports on Form 8-K
- On July 3, 2003, our Capital Accumulation Plan filed an amended report on Form 8-K reporting under Item 4 a change in Registrant's certifying accountant.
 - On July 21, 2003, we furnished a report on Form 8-K for our Second Quarter 2003 earnings announcement.
 - On October 20, 2003, we furnished a report on Form 8-K for our Third Quarter 2003 earnings announcement.

SIGNATURES

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

SEI INVESTMENTS COMPANY

Date November 13, 2003

By /s/ Dennis J. McGonigle

Dennis J. McGonigle
Chief Financial Officer

\$200,000,000

364-DAY CREDIT AGREEMENT

AMONG

SEI INVESTMENTS COMPANY,

THE LENDERS,

BANK ONE, NA,
as Agent,

THE BANK OF NOVA SCOTIA,
as Co-Arranger and Documentation Agent,

UNION BANK OF CALIFORNIA, N.A.

AND

PNC BANK, NATIONAL ASSOCIATION,
as Documentation Agents,

AND

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Syndication Agent

Dated as of
September 15, 2003

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

TABLE OF CONTENTS

ARTICLE I. DEFINITIONS	37
ARTICLE II. THE CREDITS	46
2.1. Commitment	46
2.2. Required Payments; Termination	46
2.2.1. Revolving Credit Termination Balance	46
2.2.2. Mandatory Prepayments	46
2.3. Ratable Loans	47
2.4. Types of Advances	47
2.5. Commitment Fee; Reductions in Aggregate Commitment	47
2.6. Minimum Amount of Each Advance	47
2.7. Optional Principal Payments	47
2.8. Method of Selecting Types and Interest Periods for New Advances	47
2.9. Conversion and Continuation of Outstanding Advances	48
2.10. Changes in Interest Rate, etc	48
2.11. Rates Applicable After Default	48
2.12. Method of Payment	49
2.13. Noteless Agreement; Evidence of Indebtedness	49
2.14. Telephonic Notices	49
2.15. Interest Payment Dates; Interest and Fee Basis	50
2.16. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions	50
2.17. Lending Installations	50
2.18. Non-Receipt of Funds by the Agent	50
ARTICLE III. YIELD PROTECTION; TAXES	50
3.1. Yield Protection	50
3.2. Changes in Capital Adequacy Regulations	51
3.3. Availability of Types of Advances	51
3.4. Funding Indemnification	52
3.5. Taxes	52
3.6. Lender Statements; Survival of Indemnity	53
ARTICLE IV. CONDITIONS PRECEDENT	54
4.1. Initial Advance	54
4.2. Each Advance	55
ARTICLE V. REPRESENTATIONS AND WARRANTIES	55
5.1. Existence and Standing	55
5.2. Authorization and Validity	55
5.3. No Conflict; Government Consent	55
5.4. Financial Statements	56
5.5. Material Adverse Change	56
5.6. Taxes	56
5.7. Litigation and Contingent Obligations	56
5.8. Subsidiaries	56
5.9. ERISA	56
5.10. Accuracy of Information	56
5.11. Regulation U	56
5.12. Material Agreements	57
5.13. Compliance With Laws	57
5.14. Ownership of Properties	57
5.15. Plan Assets; Prohibited Transactions	57
5.16. Investment Company Act	57

5.17	Public Utility Holding Company Act	57
5.18	Subordinated Indebtedness	57
5.19	Insurance	57
5.20	Solvency	57
ARTICLE VI. COVENANTS		58
6.1	Financial Reporting	58
6.2	Use of Proceeds	59
6.3	Notice of Default	59
6.4	Conduct of Business	59
6.5	Taxes	59
6.6	Insurance	59
6.7	Compliance with Laws	60
6.8	Maintenance of Properties	60
6.9	Inspection	60
6.10	Dividends	60
6.11	Indebtedness	60
6.12	Merger	61
6.13	Sale of Assets	61
6.14	Investments and Acquisitions	61
6.15	Liens	62
6.16	Capital Expenditures	62
6.17	Affiliates	62
6.18	Sale of Accounts	62
6.19	Contingent Obligations	62
6.20	Inconsistent Agreements	62
6.21	Retirement of Repurchased Common Stock	63
6.22	Financial Covenants	63
6.22.1	Fixed Charge Coverage Ratio	63
6.22.2	Leverage Ratio	63
6.22.3	Minimum Net Worth	63
ARTICLE VII. DEFAULTS		63
ARTICLE VIII. ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES		65
8.1	Acceleration	65
8.2	Amendments	65
8.3	Preservation of Rights	65
ARTICLE IX. GENERAL PROVISIONS		66
9.1	Survival of Representations	66
9.2	Governmental Regulation	66
9.3	Headings	66
9.4	Entire Agreement	66
9.5	Several Obligations; Benefits of this Agreement	66
9.6	Expenses; Indemnification	66
9.7	Numbers of Documents	67
9.8	Accounting	67
9.9	Severability of Provisions	67
9.10	Nonliability of Lenders	67
9.11	Confidentiality	67
9.12	Nonreliance	68
9.13	Disclosure	68
ARTICLE X. THE AGENT		68
10.1	Appointment; Nature of Relationship	68
10.2	Powers	68
10.3	General Immunity	68

10.4.No Responsibility for Loans, Recitals, etc.	68
10.5.Action on Instructions of Lenders	69
10.6.Employment of Agents and Counsel	69
10.7.Reliance on Documents; Counsel	69
10.8.Agent's Reimbursement and Indemnification	69
10.9.Notice of Default	69
10.10.Rights as a Lender	70
10.11.Lender Credit Decision	70
10.12.Successor Agent	70
10.13.Agent and Arranger Fees.	70
10.14.Delegation to Affiliates	71
10.17.Documentation Agent, Syndication Agent, etc	71
ARTICLE XI. SETOFF; RATABLE PAYMENTS	71
11.1.Setoff	71
11.2.Ratable Payments	71
ARTICLE XII. BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS	71
12.1.Successors and Assigns	71
12.2.Participations	72
12.2.1.Permitted Participants; Effect	72
12.2.2.Voting Rights	72
12.2.3.Benefit of Certain Provisions	72
12.3.Assignments	73
12.3.1.Permitted Assignments	73
12.3.2.Consents	73
12.3.2.Effect; Effective Date	73
12.3.4.Register	73
12.4.Dissemination of Information	74
12.5.Tax Treatment	74
ARTICLE XIII. NOTICES	74
13.1.Notices	74
13.2.Change of Address	74
ARTICLE XIV. COUNTERPARTS	74
ARTICLE XV. CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL	75
15.1.CHOICE OF LAW	75
15.2.CONSENT TO JURISDICTION	75
15.3.WAIVER OF JURY TRIAL	75

EXHIBITS

Exhibit A	Form of Compliance Certificate
Exhibit B	Form of Assignment Agreement
Exhibit C	Form of Written Money Transfer Instructions
Exhibit D	Form of Note

SCHEDULES

Schedule 1	Commitments
Schedule 5.8	Subsidiaries
Schedule 6.11	Indebtedness
Schedule 6.14	Investments
Schedule 6.15	Liens

364-DAY CREDIT AGREEMENT

This 364-Day Credit Agreement, dated as of September 15, 2003, is among SEI Investments Company, a Pennsylvania corporation, the Lenders and Bank One, NA, a national banking association having its principal office in Chicago, Illinois, as Agent. The parties hereto agree as follows:

RECITALS

A. The Borrower has requested the Lenders to make financial accommodations to it in the aggregate principal amount of up to \$200,000,000, the proceeds of which will be used for the general corporate purposes of the Borrower (including the repurchase of the common stock of the Borrower).

B. The Lenders are willing to extend such financial accommodations on the terms and conditions set forth herein.

ARTICLE I

DEFINITIONS

As used in this Agreement:

“Acquisition” means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

“Advance” means a borrowing hereunder, (i) made by the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of Eurodollar Loans, for the same Interest Period.

“Affiliate” of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

“Agent” means Bank One in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article X.

“Aggregate Commitment” means the aggregate of the Commitments of all the Lenders, as reduced from time to time pursuant to the terms hereof.

“Agreement” means this 364-day credit agreement, as it may be amended or modified and in effect from time to time.

“Agreement Accounting Principles” means generally accepted accounting principles as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4.

“Approved Fund” means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arranger” means Banc One Capital Markets, Inc., a Delaware corporation, and its successors, in its capacity as Lead Arranger and Sole Book Runner.

“Article” means an article of this Agreement unless another document is specifically referenced.

“Authorized Officer” means any of the president, chief financial officer, vice president-finance, treasurer or corporate controller of the Borrower, acting singly.

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

“Borrower” means SEI Investments Company, a Pennsylvania corporation, and its successors and assigns.

“Borrowing Date” means a date on which an Advance is made hereunder.

“Borrowing Notice” is defined in Section 2.8.

“Business Day” means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York City for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

“Capital Expenditures” means, without duplication, any expenditures (except for expenditures for software which are classified as capitalized software on a consolidated balance sheet) for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles.

“Capitalized Lease” of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“Capitalized Lease Obligations” of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“Cash Equivalent Investments” means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody’s, (iii) demand deposit accounts maintained in the ordinary course of business, (iv) fully collateralized repurchase agreements with a term of not more than 365 days for securities described in clause (i) of this definition and (v) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$100,000,000; *provided* in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

“Change in Control” means any Person becomes the owner of more than thirty percent (30%) of the Borrower’s outstanding shares, excluding the Borrower and its Subsidiaries, any employee benefit plan of the Borrower or its Subsidiaries, any Person appointed or entity organized or established by the Borrower for or pursuant to any such employee benefit plan, and Alfred P. West, Jr. or his spouse, and/or a member of his immediate family.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“Commitment” means, for each Lender, the obligation of such Lender to make Loans not exceeding the amount set forth opposite its name on Schedule 1 hereto, as it may be modified as a result of any assignment that has become effective pursuant to Section 12.3.2 or as otherwise modified from time to time pursuant to the terms hereof.

“Consolidated EBITDA” means Consolidated Net Income *plus*, to the extent deducted from revenues in determining Consolidated Net Income, (i) Consolidated Interest Expense, (ii) expense for taxes paid or accrued, (iii) depreciation, (iv) amortization and (v) extraordinary losses incurred other than in the ordinary course of business, *minus*, to the extent included in Consolidated Net Income, extraordinary gains realized other than in the ordinary course of business, all calculated for the Borrower and its Subsidiaries on a consolidated basis.

“Consolidated Fixed Charges” means, for any period, on a consolidated basis the sum of (i) all Rentals (other than Rentals on Capitalized Leases) payable by the Borrower and its Subsidiaries for the period of four fiscal quarters preceding the date of determination, (ii) all Consolidated Interest Expense on all Indebtedness (including the interest component of Rentals on Capitalized Leases) of the Borrower and its Subsidiaries for the period of four fiscal quarters preceding the date of determination and (iii) Indebtedness (excluding the Loans hereunder) payable pursuant to the scheduled amortization of such Indebtedness by the Borrower and its Subsidiaries for the period of four fiscal quarters immediately following the date of determination.

“Consolidated Income Available for Fixed Charges” means, for any period, the sum of (i) Consolidated Net Income during such period *plus* (ii) to the extent deducted from revenues in determining Consolidated Net Income, (A) all provisions for any Federal, state or other income taxes made by the Borrower and its Subsidiaries during such period, (B) all provisions for Rentals (other than Rentals on Capitalized Leases) during such period by the Borrower and its Subsidiaries, (C) all provisions for Consolidated Interest Expense on all Indebtedness (including the interest component of Rentals on Capitalized Leases) of the Borrower and its Subsidiaries during such period and (D) all provisions for depreciation made by the Borrower and its Subsidiaries during such period, *minus* (iii) the sum of (A) all Capital Expenditures of the Borrower and its Subsidiaries during such period and (B) all cash dividends paid by of the Borrower and its Subsidiaries during such period.

“Consolidated Indebtedness” means, at any time, the aggregate dollar amount of Indebtedness of the Borrower and its Subsidiaries calculated on a consolidated basis outstanding at such time, whether or not such amount is due or payable at such time.

“Consolidated Interest Expense” means, with reference to any period, the interest expense of the Borrower and its Subsidiaries calculated on a consolidated basis for such period.

“Consolidated Net Income” means, with reference to any period, the net income (or loss) of the Borrower and its Subsidiaries calculated on a consolidated basis for such period.

“Consolidated Net Worth” means at any time the stockholders’ equity of the Borrower and its Subsidiaries calculated on a consolidated basis as of such time.

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership.

“Conversion/Continuation Notice” is defined in Section 2.9.

“Controlled Group” means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

“Default” means an event described in Article VII.

“Environmental Laws” means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

“Eurodollar Advance” means an Advance which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

“Eurodollar Base Rate” means, with respect to a Eurodollar Advance for the relevant Interest Period, the applicable British Bankers’ Association LIBOR rate for deposits in U.S. dollars as reported by any generally recognized financial information service as of 11:00 a.m. (London time) two 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 LIBOR rate is available to the Agent, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the rate determined by the Agent to be the rate at which Bank One or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two 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.

“Eurodollar Loan” means a Loan which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

“Eurodollar Rate” means, with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurodollar 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) 1.00% per annum.

“Excluded Taxes” means, in the case of each Lender or applicable Lending Installation and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or the Agent is incorporated or organized or (ii) the jurisdiction in which the Agent’s or such Lender’s principal executive office or such Lender’s applicable Lending Installation is located.

“Exhibit” refers to an exhibit to this Agreement, unless another document is specifically referenced.

“Existing Term Loan Agreement” means that certain \$25,000,000 Loan Agreement dated as of June 26, 2001 by and between the Borrower and FirstStar Bank, N.A., as amended, restated, supplemented or otherwise modified from time to time.

“Facility Termination Date” means September 13, 2005.

“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.

“Floating Rate” means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum.

“Floating Rate Advance” means an Advance which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

“Floating Rate Loan” means a Loan which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“Indebtedness” of a Person means such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) obligations of such Person to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Capitalized Lease Obligations, (vii) any other obligation for borrowed money or other financial accommodation which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person, (viii) net liabilities under Rate Management Obligations or in respect of any other derivative financial instrument, (ix) contingent reimbursement obligations in respect of, and unreimbursed draws under, Letters of Credit and (x) Contingent Obligations.

“Interest Period” means, with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, *provided, however*; that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second,

third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, *provided, however*, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

“Investment” of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

“Lenders” means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

“Lending Installation” means, with respect to a Lender or the Agent, the office, branch, subsidiary or affiliate of such Lender or the Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Agent pursuant to Section 2.17.

“Letter of Credit” of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

“Lien” means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

“Loan” means, with respect to a Lender, such Lender’s loan made pursuant to Article II (or any conversion or continuation thereof).

“Loan Documents” means this Agreement and any Notes issued pursuant to Section 2.13.

“Material Adverse Effect” means a material adverse effect on (i) the business, Property, condition (financial or otherwise), results of operations, or prospects of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent or the Lenders thereunder.

“Material Indebtedness” means Indebtedness in an outstanding principal amount of \$500,000 or more in the aggregate (or the equivalent thereof in any currency other than U.S. dollars).

“Material Indebtedness Agreement” means any agreement under which any Material Indebtedness was created or is governed or which provides for the incurrence of Indebtedness in an amount which would constitute Material Indebtedness (whether or not an amount of Indebtedness constituting Material Indebtedness is outstanding thereunder).

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

“Net Proceeds” means net cash proceeds realized upon (i) the sale, transfer, or other disposition of assets, (ii) the sale or series of sales or issuance of any common or preferred equity interest, limited liability company membership interests, warrant or other equity, or (iii) the issuance of new Indebtedness, in each case after the payment or reserving of all direct expenses and taxes related to such transaction and the net cash proceeds of the liquidation (at any time) of securities received as consideration from such transaction.

“Non-U.S. Lender” is defined in Section 3.5(iv).

“Note” is defined in Section 2.13.

“Obligations” means all unpaid principal of and accrued and unpaid interest on the Loans, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Agent or any indemnified party arising under the Loan Documents.

“Operating Lease” of a Person means any lease of Property (other than a Capitalized Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

“Other Taxes” is defined in Section 3.5(ii).

“Participants” is defined in Section 12.2.1.

“Payment Date” means the last day of each March, June, September and December.

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“Person” means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

“Plan” means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

“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.

“Property” of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

“Purchasers” is defined in Section 12.3.1.

“Rate Management Transaction” means any transaction (including an agreement with respect thereto) now existing or hereafter entered by the Borrower which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

“Rate Management Obligations” of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

“Regulation D” means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

“Regulation T” means Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating thereto.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

“Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating thereto.

“Rentals” of a Person means the aggregate fixed amounts payable by such Person under any Operating Lease.

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, *provided, however*, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

“Required Lenders” means Lenders in the aggregate having at least a majority of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least 51% of the aggregate unpaid principal amount of the outstanding Advances.

“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.

“Revolving Credit Termination Balance” means the aggregate principal amount of Advances outstanding on the Revolving Credit Termination Date after giving effect to any Advances made or repaid on such date.

“Revolving Credit Termination Date” means September 13, 2004 or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

“S&P” means Standard and Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc.

“Schedule” refers to a specific schedule to this Agreement, unless another document is specifically referenced.

“Section” means a numbered section of this Agreement, unless another document is specifically referenced.

“Single Employer Plan” means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

“Subordinated Indebtedness” of a Person means any Indebtedness of such Person the payment of which is subordinated to payment of the Obligations to the written satisfaction of the Required Lenders.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a “Subsidiary” shall mean a Subsidiary of the Borrower.

“Substantial Portion” means, with respect to the Property of the Borrower and its Subsidiaries, Property which represents more than 10% of the consolidated assets of the Borrower and its Subsidiaries or property which is responsible for more than 10% of the consolidated net sales or of the consolidated net income of the Borrower and its Subsidiaries, in each case, as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made (or if financial statements have not been delivered hereunder for that month which begins the twelve-month period, then the financial statements delivered hereunder for the quarter ending immediately prior to that month).

“Taxes” means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but *excluding* Excluded Taxes and Other Taxes.

“Transferee” is defined in Section 12.4.

“Type” means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurodollar Advance and with respect to any Loan, its nature as a Floating Rate Loan or a Eurodollar Loan.

“Unfunded Liabilities” means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans using PBGC actuarial assumptions for single employer plan terminations.

“Unmatured Default” means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

“Wholly-Owned Subsidiary” of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

THE CREDITS

2.1. Commitment. From and including the date of this Agreement and prior to the Revolving Credit Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding the amount of its Commitment. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow at any time prior to the Revolving Credit Termination Date. The Commitments to lend hereunder shall expire on the Revolving Credit Termination Date. Principal payments made after the Revolving Credit Termination Date may not be reborrowed.

2.2. Required Payments: Termination.

2.2.1. Revolving Credit Termination Balance. The Revolving Credit Termination Balance and all other unpaid Obligations shall be paid in full by the Borrower on the Revolving Credit Termination Date; *provided, however*, that upon the written request of the Borrower (unless the Advances already have become due and payable pursuant to this Agreement), delivered to the Agent at least ten (10) Business Days prior to the Revolving Credit Termination Date, the Revolving Credit Termination Balance shall instead be payable in installments as follows:

<u>Percentage payable of Revolving Credit Termination Balance</u>	<u>Payment Due Date</u>
25%	Three months following Revolving Credit Termination Date
25%	Six months following Revolving Credit Termination Date
25%	Nine months following Revolving Credit Termination Date
25%	Twelve months following Revolving Credit Termination Date

Any outstanding Advances and all other unpaid Obligations shall be paid in full by the Borrower on the Facility Termination Date.

2.2.2. Mandatory Prepayments. In addition to the repayments of the Advances required by Section 2.2.1, the Borrower shall make mandatory prepayment of the Advances as follows:

- (i) Concurrently with the receipt of any Net Proceeds (in excess of \$5,000,000 in the aggregate at all times during this Agreement) from any sales, transfers or other dispositions of assets (other than the sale of inventory in the ordinary course of business), the Borrower shall make a mandatory prepayment of the Advances in an amount equal to 100% of such Net Proceeds (or, if less, the aggregate outstanding amount of the Advances). Mandatory principal payments made after the Revolving Credit Termination Date shall be applied to the principal installments payable under Section 2.2.1 pro rata over the remaining principal payments.

-
- (ii) Upon the sale or series of sales or issuance of any common or preferred equity interests, limited liability company membership interests, warrants or other equity or the incurrence of any Subordinated Indebtedness or Indebtedness not permitted by Section 6.11, in either case by the Borrower or any Subsidiary, or any equity contribution to the Borrower, the Borrower shall make a mandatory prepayment of the Advances in an amount equal to 100% of the Net Proceeds thereof (or, if less, the aggregate outstanding amount of the Advances); *provided* that sales to employees under the Borrower's employee stock purchase plan or employee stock option plan are excluded from the mandatory prepayment provisions hereof. Mandatory principal payments made after the Revolving Credit Termination Date shall be applied to the principal installments payable under Section 2.2.1 pro rata over the remaining principal payments.

2.3. Ratable Loans. Each Advance hereunder shall consist of Loans made from the several Lenders ratably in proportion to the ratio that their respective Commitments bear to the Aggregate Commitment.

2.4. Types of Advances. The Advances may be Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.8 and 2.9.

2.5. Commitment Fee; Reductions in Aggregate Commitment. The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee of .25% per annum on the daily unused portion of such Lender's Commitment from the date hereof to and including the Revolving Credit Termination Date, payable on each Payment Date hereafter and on the Revolving Credit Termination Date. The Borrower may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders in a minimum aggregate amount of \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof, upon at least two Business Days' written notice to the Agent, which notice shall specify the amount of any such reduction, *provided, however*, that the amount of the Aggregate Commitment may not be reduced below the aggregate principal amount of the outstanding Advances. All accrued commitment fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Loans hereunder.

2.6. Minimum Amount of Each Advance. Each Eurodollar Advance shall be in the minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof), and each Floating Rate Advance shall be in the minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof), *provided, however*, that any Floating Rate Advance may be in the amount of the unused Aggregate Commitment.

2.7. Optional Principal Payments. The Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances or any portion of the outstanding Floating Rate Advances upon notice to the Agent by 10:00 a.m. (Chicago time) on the Business Day of the proposed prepayment. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurodollar Advances, or, in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof, any portion of the outstanding Eurodollar Advances upon three Business Days' prior notice to the Agent. Optional principal payments made after the Revolving Credit Termination Date shall be applied to the principal installments payable under Section 2.2.1 pro rata over the remaining principal payments.

2.8. Method of Selecting Types and Interest Periods for New Advances. The Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable thereto from time to time. The Borrower shall give the Agent irrevocable notice (a "Borrowing Notice") not later than 10:00 a.m. (Chicago time) at least one Business Day before the Borrowing Date of each Floating Rate Advance and three Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

- (i) the Borrowing Date, which shall be a Business Day, of such Advance,

-
- (ii) the aggregate amount of such Advance,
 - (iii) the Type of Advance selected, and
 - (iv) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than noon (Chicago time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available in Chicago to the Agent at its address specified pursuant to Article XIII. The Agent will make the funds so received from the Lenders available to the Borrower at the Agent's aforesaid address.

2.9. Conversion and Continuation of Outstanding Advances. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.9 or are repaid in accordance with Section 2.7. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.6, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance into a Eurodollar Advance. The Borrower shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance not later than 10:00 a.m. (Chicago time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

- (i) the requested date, which shall be a Business Day, of such conversion or continuation,
- (ii) the aggregate amount and Type of the Advance which is to be converted or continued, and
- (iii) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

2.10. Changes in Interest Rate, etc. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.9, to but excluding the date it is paid or is converted into a Eurodollar Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Floating Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Agent as applicable to such Eurodollar Advance based upon the Borrower's selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date. The Borrower shall select Interest Periods so that it is not necessary to repay any portion of a Eurodollar Advance prior to the last day of the applicable Interest Period in order to make a mandatory repayment required pursuant to Section 2.2.1.

2.11. Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.8, 2.9 or 2.10, during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a Eurodollar

Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum and (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time plus 2% per annum, *provided* that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth in clauses (i) and (ii) above shall be applicable to all Advances without any election or action on the part of the Agent or any Lender.

2.12. Method of Payment. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Agent specified in writing by the Agent to the Borrower, by noon (local time) on the date when due and shall be applied ratably by the Agent among the Lenders. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Agent from such Lender. The Agent is hereby authorized to charge the account of the Borrower maintained with Bank One for each payment of principal, interest and fees as it becomes due hereunder.

2.13. Noteless Agreement; Evidence of Indebtedness. (i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Agent shall also maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (c) the amount of any sum received by the Agent hereunder from the Borrower and each Lender's share thereof.

(iii) The entries maintained in the accounts maintained pursuant to paragraphs (i) and (ii) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided, however*, that the failure of the Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Loans be evidenced by a promissory note in substantially the form of Exhibit D (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender such Note payable to the order of such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (prior to any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the order of the payee named therein, except to the extent that any such Lender subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (i) and (ii) above.

2.14. Telephonic Notices. The Borrower hereby authorizes the Lenders and the Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Agent a written confirmation, if such confirmation is requested by the Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall govern absent manifest error.

2.15. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, on any date on which the Floating Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurodollar Advance on a day other than a Payment Date shall be payable on the date of conversion. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest with respect to Eurodollar Loans and commitment fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest with respect to Floating Rate Loans shall be calculated for the actual days elapsed on the basis of a 365 or 366-day year, as applicable. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.16. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. The Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Floating Rate.

2.17. Lending Installations. Each Lender may book its Loans at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans and any Notes issued hereunder shall be deemed held by each Lender for the benefit of any such Lending Installation. Each Lender may, by written notice to the Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it and for whose account Loan payments are to be made.

2.18. Non-Receipt of Funds by the Agent. Unless the Borrower or a Lender, as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

ARTICLE III

YIELD PROTECTION; TAXES

3.1. Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having

the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

- (i) subjects any Lender or any applicable Lending Installation to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender in respect of its Eurodollar Loans, or
- (ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or
- (iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining its Eurodollar Loans or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with its Eurodollar Loans, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Eurodollar Loans held or interest received by it, by an amount deemed material by such Lender,

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation of making or maintaining its Eurodollar Loans or Commitment or to reduce the return received by such Lender or applicable Lending Installation in connection with such Eurodollar Loans or Commitment, then, within 15 days of demand by such Lender, the Borrower shall pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction in amount received.

3.2. Changes in Capital Adequacy Regulations. If a Lender determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a Change, then, within 15 days of demand by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Loans or its Commitment to make Loans hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of Types of Advances. If any Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that (i) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (ii) the interest rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, then the Agent shall suspend the availability of Eurodollar Advances and require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4. Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance.

3.5. Taxes. (i) All payments by the Borrower to or for the account of any Lender or the Agent hereunder or under any Note shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or the Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower shall furnish to the Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note ("Other Taxes").

(iii) The Borrower hereby agrees to indemnify the Agent and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Agent or such Lender as a result of its Commitment, any Loans made by it hereunder, or otherwise in connection with its participation in this Agreement and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Agent or such Lender makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten Business Days after the date of this Agreement (or, pursuant to Section 12.5, not more than ten Business Days after becoming a Transferee hereunder), (i) deliver to the Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to the Agent a United States Internal Revenue Form W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, *unless* an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (iv), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; *provided that*, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv), above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Agent under this subsection, together with all costs and expenses related thereto (including attorneys fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6. Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. **Initial Advance.** The Lenders shall not be required to make the initial Advance hereunder unless and until the Borrower has furnished to the Agent with sufficient copies for the Lenders and the other conditions set forth below have been satisfied:

- (i) Copies of the articles or certificate of incorporation of the Borrower, together with all amendments, and a certificate of good standing, each certified by the appropriate governmental officer in its jurisdiction of incorporation.
- (ii) Copies, certified by the Secretary or Assistant Secretary of the Borrower, of its by-laws and of its Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which the Borrower is a party.
- (iii) An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of the Borrower authorized to sign the Loan Documents to which the Borrower is a party, upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.
- (iv) A certificate, signed by the chief financial officer or corporate controller of the Borrower, stating that on the initial Borrowing Date no Default or Unmatured Default has occurred and is continuing.
- (v) A written opinion of Morgan, Lewis & Bockius LLP, the Borrower's counsel, addressed to the Lenders in form and substance satisfactory to the Agent.
- (vi) Any Notes requested by a Lender pursuant to Section 2.13 payable to the order of each such requesting Lender.
- (vii) Written money transfer instructions, in substantially the form of Exhibit C, addressed to the Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Agent may have reasonably requested.
- (viii) The Existing Term Loan Agreement shall have been amended in form and substance satisfactory to the Agent and its counsel to (a) permit the Indebtedness under this Agreement and (b) amend the change in control provisions therein.
- (ix) A compliance certificate in substantially the form of Exhibit A signed by the Borrower's chief financial officer showing the calculations necessary to determine compliance with this Agreement for fiscal quarter ended June 30, 2003 and stating that no Default or Unmatured Default exists.
- (x) The Borrower shall have paid all fees due to Bank One under the fee letter dated June 13, 2003.
- (xi) Such other documents as any Lender or its counsel may have reasonably requested.

4.2. Each Advance. The Lenders shall not be required to make any Advance unless on the applicable Borrowing Date:

- (i) There exists no Default or Unmatured Default.
- (ii) The representations and warranties contained in Article V are true and correct as of such Borrowing Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

Each Borrowing Notice with respect to each such Advance shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2(i) and (ii) have been satisfied. Any Lender may require a duly completed compliance certificate in substantially the form of Exhibit A as a condition to making an Advance.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

5.1. Existence and Standing. Each of the Borrower and its Subsidiaries is a corporation, partnership (in the case of Subsidiaries only) or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except where the absence of such authority could not reasonably be expected to result in a Material Adverse Effect.

5.2. Authorization and Validity. The Borrower has the power and authority and legal right to execute and deliver the Loan Documents and to perform its obligations thereunder. The execution and delivery by the Borrower of the Loan Documents and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents to which the Borrower is a party constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3. No Conflict; Government Consent. Neither the execution and delivery by the Borrower of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or any of its Subsidiaries or (ii) the Borrower's or any Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which the Borrower or any of its Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower or a Subsidiary pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower or any of its Subsidiaries, is required to be obtained by the Borrower or any of its Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4. Financial Statements. The December 31, 2002 audited consolidated financial statements of the Borrower and its Subsidiaries and the June 30, 2003 unaudited consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered to the Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition and operations of the Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended.

5.5. Material Adverse Change. Since December 31, 2002 there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower and its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. The Borrower and its Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Borrower or any of its Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists. The United States income tax returns of the Borrower and its Subsidiaries have been audited by the Internal Revenue Service through the fiscal year ended December 31, 1993. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any taxes or other governmental charges are adequate.

5.7. Litigation and Contingent Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Loans. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, the Borrower has no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8. Subsidiaries. Schedule 5.8 contains an accurate list of all Subsidiaries of the Borrower as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9. ERISA. Neither the Borrower nor any other member of the Controlled Group has incurred, or is reasonably expected to incur, any withdrawal liability to Multiemployer Plans in excess of \$500,000 in the aggregate. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has occurred with respect to any Plan, neither the Borrower nor any other member of the Controlled Group has withdrawn from any Plan or initiated steps to do so, and no steps have been taken to reorganize or terminate any Plan.

5.10. Accuracy of Information. No information, exhibit or report furnished by the Borrower or any of its Subsidiaries to the Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.11. Regulation U. Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder. No part of the proceeds of any Loan will be used in a manner which would violate, or result in a violation of, Regulation T, Regulation U or Regulation X. Neither the making of any Advance hereunder nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation T, Regulation U or Regulation X.

5.12. Material Agreements. Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Material Indebtedness.

5.13. Compliance With Laws. The Borrower and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property, except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.14. Ownership of Properties. On the date of this Agreement, the Borrower and its Subsidiaries will have good title, free of all Liens other than those permitted by Section 6.15, to all of the Property and assets reflected in the Borrower's most recent consolidated financial statements provided to the Agent as owned by the Borrower and its Subsidiaries.

5.15. Plan Assets; Prohibited Transactions. The Borrower is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Loans hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

5.16. Investment Company Act. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.17. Public Utility Holding Company Act. Neither the Borrower nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.18. Subordinated Indebtedness. The Obligations constitute senior indebtedness which is entitled to the benefits of the subordination provisions of all outstanding Subordinated Indebtedness.

5.19. Insurance. The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies (not Affiliates of the Borrower) in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and are similarly situated.

5.20. Solvency. (i) Immediately following the making of each Loan, if any, made on the date hereof and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries on a consolidated basis; (b) the present fair saleable value of the Property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as

such debts and liabilities become absolute and matured; and (d) the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the date hereof.

(ii) The Borrower does not intend to, or to permit any of its Subsidiaries to, and does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

5.21. Reportable Transaction. The Borrower does not intend to treat the Advances and related transactions as being a “reportable transaction” (within the meaning of Treasury Regulation Section 1.6011-4). In the event the Borrower determines to take any action inconsistent with such intention, it will promptly notify the Agent thereof

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Financial Reporting. The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Lenders:

- (i) Within 90 days after the close of each of its fiscal years, an unqualified audit report certified by independent certified public accountants acceptable to the Lenders, prepared in accordance with Agreement Accounting Principles on a consolidated and consolidating basis (consolidating statements need not be certified by such accountants) for itself and its Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, accompanied by a certificate of said accountants that, in the course of their examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default or Unmatured Default with respect to a breach of Section 6.22, or if, in the opinion of such accountants, any Default or Unmatured Default shall exist with respect to a breach of Section 6.22, stating the nature and status thereof.
- (ii) Within 45 days after the close of the first three quarterly periods of each of its fiscal years, for itself and its Subsidiaries, consolidated and consolidating unaudited balance sheets as at the close of each such period and consolidated and consolidating profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.
- (iii) Together with the financial statements required under Sections 6.1(i) and (ii), a compliance certificate in substantially the form of Exhibit A signed by its chief financial officer or corporate controller showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.

-
- (iv) Within 270 days after the close of each fiscal year, a statement of the Unfunded Liabilities of each Single Employer Plan, certified as correct by an actuary enrolled under ERISA.
 - (v) As soon as possible and in any event within 10 days after the Borrower knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the chief financial officer of the Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto.
 - (vi) As soon as possible and in any event within 10 days after receipt by the Borrower, a copy of (a) any notice or claim to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by the Borrower, any of its Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Borrower or any of its Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect.
 - (vii) Promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so furnished.
 - (viii) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission.
 - (ix) Such other information (including non-financial information) as the Agent or any Lender may from time to time reasonably request.

6.2. Use of Proceeds. The Borrower will, and will cause each Subsidiary to, use the proceeds of the Advances for general corporate purposes (including the repurchase of the common stock of the Borrower). The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Advances to make any Acquisition or to purchase or carry any "margin stock" (as defined in Regulation U) other than relating to the repurchase of the common stock of the Borrower in compliance with Section 6.21.

6.3. Notice of Default. The Borrower will, and will cause each Subsidiary to, give prompt notice in writing to the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.4. Conduct of Business. The Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

6.5. Taxes. The Borrower will, and will cause each Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles.

6.6. Insurance. The Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies (not Affiliates of the Borrower) insurance on all their Property in such amounts and covering such risks as is consistent with sound business practice, and the Borrower will furnish to any Lender upon request full information as to the insurance carried.

6.7. Compliance with Laws. The Borrower will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws.

6.8. Maintenance of Properties. The Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

6.9. Inspection. The Borrower will, and will cause each Subsidiary to, permit the Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of the Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Agent or any Lender may designate.

6.10. Dividends. The Borrower will not, nor will it permit any Subsidiary to, declare or pay any dividends or make any distributions on its capital stock (other than dividends payable in its own capital stock) or redeem, repurchase or otherwise acquire or retire any of its capital stock at any time outstanding, except that (i) any Subsidiary may declare and pay dividends or make distributions to the Borrower or to a Wholly-Owned Subsidiary, and (ii) the Borrower may declare and pay dividends on its capital stock or repurchase or redeem its common stock provided that no Default or Unmatured Default shall exist before or after giving effect to such dividends or be created as a result thereof.

6.11. Indebtedness. The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

- (i) The Loans.
- (ii) Indebtedness existing on the date hereof and described in Schedule 6.11.
- (iii) Indebtedness arising under Rate Management Transactions related to the Loans or related to Indebtedness on Schedule 6.11.
- (iv) Unsecured trade credits or open accounts incurred in the ordinary course of business.
- (v) Indebtedness related to purchase money security interests arising in the ordinary course of the Borrower's business; *provided* that the amount of such Indebtedness shall not exceed an amount equal to 100% of the lesser of the total purchase price or fair market value at the time of acquisition of such assets.
- (vi) Capitalized Lease Obligations under Capitalized Leases arising in the ordinary course of business consistent with past practice.
- (vii) Indebtedness which constitutes a renewal, extension, substitution, refinancing or replacement (collectively "Restructuring") of Indebtedness of the Borrower and its Subsidiaries; *provided* that the resulting Indebtedness from such Restructuring shall continue to be solely the obligation of the original obligor on such restructured Indebtedness and shall not increase the outstanding principal amount of such restructured Indebtedness.

(viii) Other Indebtedness in an aggregate principal amount outstanding at any one time not to exceed \$20,000,000.

6.12. Merger. The Borrower will not, nor will it permit any Subsidiary to, merge or consolidate with or into any other Person, except that a Subsidiary may merge into the Borrower or a Wholly-Owned Subsidiary.

6.13. Sale of Assets. The Borrower will not, nor will it permit any Subsidiary to, lease, sell or otherwise dispose of its Property to any other Person, except:

- (i) Sales of inventory in the ordinary course of business.
- (ii) Leases, sales or other dispositions of its Property that, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of (other than inventory in the ordinary course of business) as permitted by this Section during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries.

6.14. Investments and Acquisitions. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except:

- (i) Cash Equivalent Investments.
- (ii) Existing Investments in Subsidiaries and other Investments in existence on the date hereof and described in Schedule 6.14.
- (iii) Investments by the Borrower and its Subsidiaries in and to Wholly-Owned Subsidiaries.
- (iv) Investments in new mutual funds or other pooled investment vehicles sponsored, managed or administered by the Borrower or any Subsidiary, provided that the amount of any Investment in any new mutual fund or other pooled investment vehicle administered (but not sponsored or managed) by the Borrower or any Subsidiary shall not exceed the lesser of (A) \$500,000, or (B) the minimum amount of such Investment required by applicable law.
- (v) Subject to Section 6.10, Investments in the Borrower's common stock related to a disclosed stock repurchase or buy-back plan.
- (vi) Other Investments; *provided* that immediately after giving effect thereto the aggregate outstanding value of all such other Investments (valued immediately after giving effect thereto) would not exceed the greater of (A) \$30,000,000 or (B) 10% of Consolidated Net Worth, both determined as of the date of such additional other Investment is made.

In valuing any Investments for the purpose of applying the limitations set forth in this Section 6.14, such Investment shall be taken at the original cost thereof, without allowance for any subsequent write-offs or application or depreciation therein, but less any amount repaid or recovered on account of capital or principal.

6.15. Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except:

- (i) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books.
- (ii) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books.
- (iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.
- (iv) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Borrower or its Subsidiaries.
- (v) Liens existing on the date hereof and described in Schedule 6.15.
- (vi) Liens securing Indebtedness permitted by (A) Sections 6.11(v) and (vi) and (B) Section 6.11(vii); *provided* that such resulting Lien from such Restructuring is in the same collateral as the existing Lien securing such restructured Indebtedness.

6.16. Capital Expenditures. The Borrower will not, nor will it permit any Subsidiary to, expend, or be committed to expend, in excess of \$30,000,000 for Capital Expenditures during any one fiscal year on a non-cumulative basis in the aggregate for the Borrower and its Subsidiaries.

6.17. Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction.

6.18. Sale of Accounts. The Borrower will not, nor will it permit any Subsidiary to, sell or otherwise dispose of any notes receivable or accounts receivable, with or without recourse.

6.19. Contingent Obligations. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except (i) by endorsement of instruments for deposit or collection in the ordinary course of business (ii) and guarantees existing on the date hereof by the Borrower or any Subsidiary of Indebtedness described on Schedule 6.11 (including permitted Restructurings of such Indebtedness (and the related guaranty) pursuant to Section 6.11(vii); *provided* that the amount of such existing guaranty does not increase and the guarantor of such restructured Indebtedness does not change).

6.20. Inconsistent Agreements. The Borrower shall not, nor shall it permit any Subsidiary to, enter into any indenture, agreement, instrument (or amendment thereto) or other arrangement which (a) directly or indirectly prohibits or restrains, or has the effect of prohibiting or restraining, or imposes materially adverse conditions upon, the incurrence or repayment of the Obligations, the amendment of the Loan Documents, or the ability of any Subsidiary to pay dividends or make other distributions on its capital stock or (b) contains any provision which would be violated or breached by the making of the Loans or by the performance by the Borrower of any of its obligations under any Loan Document.

6.21. Retirement of Repurchased Common Stock. The Borrower will not use the proceeds of the Advances to repurchase the common stock of the Borrower unless the Borrower immediately retires such common stock.

6.22. Financial Covenants.

6.22.1. Fixed Charge Coverage Ratio. The Borrower will not permit the ratio, determined as of the end of each of its fiscal quarters, of (i) Consolidated Income Available for Fixed Charges, for the then most-recently ended four fiscal quarters, to (ii) Consolidated Fixed Charges, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be less than 1.25 to 1.0.

6.22.2. Leverage Ratio. The Borrower will at all times cause the ratio of (i) Consolidated Indebtedness to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters to be not more than 1.25 to 1.0.

6.22.3. Minimum Net Worth. The Borrower will at all times maintain Consolidated Net Worth of not less than \$1.00.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1. Any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Subsidiaries to the Lenders or the Agent under or in connection with this Agreement, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

7.2. Nonpayment of principal of any Loan when due, or nonpayment of interest upon any Loan or of any commitment fee or other obligations under any of the Loan Documents within five days after the same becomes due.

7.3. The breach by the Borrower of any of the terms or provisions of Section 6.2 or 6.10 through 6.22.

7.4. The breach by the Borrower (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement which is not remedied within thirty days after written notice from the Agent or any Lender.

7.5. Failure of the Borrower or any of its Subsidiaries to pay when due any Material Indebtedness; or the default by the Borrower or any of its Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any Material Indebtedness Agreement, or any other event shall occur or condition exist, the effect of which default, event or condition is to cause, or to permit the holder(s) of such Material Indebtedness or the lender(s) under any Material Indebtedness Agreement to cause, such Material Indebtedness to become due prior to its stated maturity or any commitment to lend under any Material Indebtedness Agreement to be terminated prior to its stated expiration date; or any Material Indebtedness of the Borrower or any of its

Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6. The Borrower or any of its Subsidiaries shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (vi) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7. Without the application, approval or consent of the Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Borrower or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 45 consecutive days.

7.8. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

7.9. The Borrower or any of its Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge one or more (i) judgments or orders for the payment of money in excess of \$1,000,000 (or the equivalent thereof in currencies other than U.S. Dollars) in the aggregate, or (ii) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith.

7.10. The Unfunded Liabilities of all Single Employer Plans shall exceed in the aggregate \$500,000 or any Reportable Event shall occur in connection with any Plan.

7.11. Nonpayment by the Borrower or any Subsidiary of any Rate Management Obligation when due or the breach by the Borrower or any Subsidiary of any term, provision or condition contained in any Rate Management Transaction or any transaction of the type described in the definition of "Rate Management Transactions," whether or not any Lender or Affiliate of a Lender is a party thereto, if such Rate Management Obligation constitutes Material Indebtedness.

7.12. Any Change in Control shall occur.

7.13. The occurrence of any "default", as defined in any Loan Document (other than this Agreement) or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default or breach continues beyond any period of grace therein provided.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration. If any Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Agent or any Lender. If any other Default occurs, the Required Lenders (or the Agent with the consent of the Required Lenders) may terminate or suspend the obligations of the Lenders to make Loans hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives.

If, within 30 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2. Amendments. Subject to the provisions of this Section 8.2, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; *provided, however*, that no such supplemental agreement shall, without the consent of all of the Lenders:

- (i) Extend the final maturity of any Loan or postpone any regularly scheduled payment of principal of any Loan or forgive all or any portion of the principal amount thereof, or reduce the rate or extend the time of payment of interest or fees thereon.
- (ii) Reduce the percentage specified in the definition of Required Lenders.
- (iii) Extend the Revolving Credit Termination Date, or reduce the amount or extend the payment date for, the mandatory payments required under Section 2.2.1, or increase the amount of the Commitment of any Lender hereunder, or permit the Borrower to assign its rights under this Agreement.
- (iv) Amend this Section 8.2.

No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent. The Agent may (i) waive payment of the fee required under Section 12.3.3 without obtaining the consent of any other party to this Agreement.

8.3. Preservation of Rights. No delay or omission of the Lenders or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1. Survival of Representations. All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Loans herein contemplated.

9.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the Agent and the Lenders and supersede all prior agreements and understandings among the Borrower, the Agent and the Lenders relating to the subject matter thereof other than those contained in the fee letter described in Section 10.13 which shall survive and remain in full force and effect during the term of this Agreement.

9.5. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, *provided, however*, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6. Expenses; Indemnification. (i) The Borrower shall reimburse the Agent and the Arranger for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent) paid or incurred by the Agent or the Arranger in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including, without limitation, via the internet), review, proposed or actual amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Agent, the Arranger and the Lenders for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, the Arranger and the Lenders, which attorneys may be employees of the Agent, the Arranger or the Lenders) paid or incurred by the Agent, the Arranger or any Lender in connection with the collection and enforcement of the Loan Documents.

(ii) The Borrower hereby further agrees to indemnify the Agent, the Arranger, each Lender, their respective affiliates, and each of their directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent, the Arranger, any Lender or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder except to the extent that they are determined in a final non-appealable

judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrower under this Section 9.6 shall survive the termination of this Agreement.

9.7. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders.

9.8. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles.

9.9. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10. Nonliability of Lenders. The relationship between the Borrower on the one hand and the Lenders and the Agent on the other hand shall be solely that of borrower and lender. Neither the Agent, the Arranger nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Agent, the Arranger nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that neither the Agent, the Arranger nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Agent, the Arranger nor any Lender shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11. Confidentiality. Each Lender agrees to hold any confidential information which it may receive from the Borrower pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, (vii) permitted by Section 12.4, and (viii) to rating agencies if requested or required by such agencies in connection with a rating relating to the Advances hereunder. Notwithstanding anything herein to the contrary, confidential information shall not include, and each Lender (and each employee, representative or other agent of any Lender) may disclose to any and all Persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are or have been provided to such Lender relating to such tax treatment or tax structure; provided that with respect to any document or similar item that in either case contains information concerning such tax treatment or tax structure of the transactions contemplated hereby as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to such tax treatment or tax structure.

9.12. Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Loans provided for herein.

9.13. Disclosure. The Borrower and each Lender hereby acknowledge and agree that Bank One and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower and its Affiliates.

ARTICLE X

THE AGENT

10.1. Appointment; Nature of Relationship. Bank One, NA is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the “Agent”) hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term “Agent,” it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders’ contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a “representative” of the Lenders within the meaning of the term “secured party” as defined in the Illinois Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

10.2. Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

10.3. General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

10.4. No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the

Borrower or any guarantor of any of the Obligations or of any of the Borrower's or any such guarantor's respective Subsidiaries. The Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Agent at such time, but is voluntarily furnished by the Borrower to the Agent (either in its capacity as Agent or in its individual capacity).

10.5. Action on Instructions of Lenders. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. Employment of Agents and Counsel. The Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document.

10.7. Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

10.8. Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, *provided* that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent and (ii) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9. Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders.

10.10. Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Lender and may exercise the same as though it were not the Agent, and the term “Lender” or “Lenders” shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. The Agent, in its individual capacity, is not obligated to remain a Lender.

10.11. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.12. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. The Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint (in consultation with the Borrower), on behalf of the Borrower and the Lenders, a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent’s giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Borrower and the Lenders, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of the Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned or been removed and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Agent. Upon the effectiveness of the resignation or removal of the Agent, the resigning or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Agent, the provisions of this Article X shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Agent by merger, or the Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term “Prime Rate” as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Agent.

10.13. Agent and Arranger Fees. The Borrower agrees to pay to the Agent and the Arranger, for their respective accounts, the fees agreed to by the Borrower, the Agent and the Arranger pursuant to that certain letter agreement dated June 13, 2003, or as otherwise agreed from time to time.

10.14. Delegation to Affiliates. The Borrower and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Articles IX and X.

10.17. Documentation Agents, Syndication Agent, etc. Neither any of the Lenders identified in this Agreement as a "Senior Managing Agent", "Managing Agent", "Co-Arranger" nor the "Documentation Agents" or the "Syndication Agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Agent in Section 10.11.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due.

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns permitted hereby, except that (i) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents without the prior written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 12.3, and (iii) any transfer by Participation must be made in compliance with Section 12.2. Any attempted assignment or transfer by any party not made in compliance with this Section 12.1 shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with Section 12.3.2. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and this Section 12.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or

any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; *provided, however*, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; *provided, however*, that the Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2. Participations.

12.2.1. Permitted Participants; Effect. Any Lender may at any time sell to one or more banks or other entities (“Participants”) participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender’s obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Loans and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under the Loan Documents.

12.2.2. Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan or Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.2 or of any other Loan Document.

12.2.3. Benefit of Certain Provisions. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, *provided* that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender. The Borrower further agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.2, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.3, *provided* that (i) a Participant shall not be entitled to receive any greater payment under Section 3.1, 3.2 or 3.5 than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrower, and (ii) any Participant not incorporated under the laws of the United States of America or any State thereof agrees to comply with the provisions of Section 3.5 to the same extent as if it were a Lender.

12.3. Assignments.

12.3.1. Permitted Assignments. Any Lender may at any time assign to one or more banks or other entities (“Purchasers”) all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit B or in such other form as may be agreed to by the parties thereto. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate of a Lender or an Approved Fund shall either be in an amount equal to the entire applicable Commitment and Loans of the assigning Lender or (unless each of the Borrower and the Agent otherwise consents) be in an aggregate amount not less than \$5,000,000. The amount of the assignment shall be based on the Commitment or outstanding Loans (if the Commitment has been terminated) subject to the assignment, determined as of the date of such assignment or as of the “Trade Date,” if the “Trade Date” is specified in the assignment.

12.3.2. Consents. The consent of the Borrower shall be required prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an Approved Fund; *provided, however*, that the consent of the Borrower shall not be required if a Default has occurred and is continuing. The consent of the Agent shall be required prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an Approved Fund. Any consent required under this Section 12.3.2 shall not be unreasonably withheld or delayed.

12.3.3. Effect; Effective Date. Upon (i) delivery to the Agent of an assignment, together with any consents required by Sections 12.3.1 and 12.3.2, and (ii) payment of a \$3,500 fee to the Agent for processing such assignment (unless such fee is waived by the Agent), such assignment shall become effective on the effective date specified in such assignment. The assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Loans under the applicable assignment agreement constitutes “plan assets” as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be “plan assets” under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and the transferor Lender shall be released with respect to the Commitment and Loans assigned to such Purchaser without any further consent or action by the Borrower, the Lenders or the Agent. In the case of an assignment covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a Lender hereunder but shall continue to be entitled to the benefits of, and subject to, those provisions of this Agreement and the other Loan Documents which survive payment of the Obligations and termination of the applicable agreement. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.3 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.2. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.3, the transferor Lender, the Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

12.3.4. Register. The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Chicago, Illinois a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register

pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

12.4. Dissemination of Information. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower and its Subsidiaries; *provided* that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5. Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is not incorporated under the laws of the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIII

NOTICES

13.1. Notices. Except as otherwise permitted by Section 2.14 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrower or the Agent, at its address or facsimile number set forth on the signature pages hereof, (y) in the case of any Lender, at its address or facsimile number set forth below its signature hereto or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; *provided* that notices to the Agent under Article II shall not be effective until received.

13.2. Change of Address. The Borrower, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the Agent and the Lenders and each party has notified the Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1. **CHOICE OF LAW.** THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, 735 ILCS SECTION 105/5-1 ET SEQ, BUT OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2. **CONSENT TO JURISDICTION.** THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

15.3. **WAIVER OF JURY TRIAL.** THE BORROWER, THE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

[Signature pages follow]

IN WITNESS WHEREOF, the Borrower, the Lenders and the Agent have executed this Agreement as of the date first above written.

SEI INVESTMENTS COMPANY

By: /s/ Dennis J. McGonigle

Name: Dennis J. McGonigle

Title: Chief Financial Officer

1 Freedom Valley Drive
Oaks, Pennsylvania 19456

Attention: Dennis J. McGonigle
Chief Financial Officer

Telephone: () _____

FAX: () _____

BANK ONE, NA,
Individually and as Agent

By: /s/ Andrea S. Kantor

Name: Andrea S Kantor

Title: Director

1 Bank One Plaza
Chicago, Illinois 60670

Attention:

Telephone: () _____

FAX: () _____

BANK OF NOVA SCOTIA

As Co-Arranger & Documentation Agent

By: /s/ John Morale

Name: John Morale

Title: Director

One Liberty Plaza
New York, NY 10006

Attention: _____

Telephone: () _____

FAX: () _____

Wachovia Bank, National Association

By: /s/ Dan Norton

Name: Dan Norton

Title: Director

1319 Chestnut Street, 3rd Floor, Pa 4819
Philadelphia, Pennsylvania, 12107-4819

Attention: _____

Telephone: () _____

FAX: () _____

UNION BANK OF CALIFORNIA

By: /s/ Christine Davis

Name: Christine Davis

Title: Vice President

Attention: _____

Telephone: () _____

FAX: () _____

PNC bank, National Association

By: /s/ Robert J Giannone

Name: Robert J, Giannone

Title: Vice President

1600 Market Street, 21st floor
Philadelphia, Pennsylvania, 19103

Attention: _____

Telephone: () _____

FAX: () _____

BANK OF AMERICA

By: /s/ Sean Cassidy

Name: Sean Cassidy

Title: Principal

335 Madison Avenue
New York, NY 10017

Attention: _____

Telephone: () _____

FAX: () _____

The Royal Bank of Scotland plc

By: /s/ Diane Ferguson

Name: Diane Ferguson

Title: Senior Vice President

Attention: _____

Telephone: () _____

FAX: () _____

MANUFACTURERS&TRADERS TRUST COMPANY

By: /s/ Joshua C. Becker

Name: Joshua C. Becker

Title: Officer

2055 South Queen Street
York, PA 17403

Attention: _____

Telephone: () _____

FAX: () _____

FLEET NATIONAL BANK

By: /s/ Lawrence Davis

Name: Lawrence Davis

Title: Portfolio Manager

777 Main Street CTHEH40225C
Hartford, CT 06115

Attention: _____

Telephone: () _____

FAX: () _____

US Bank, N.A.

By: /s/ David J. Dannemiller

Name: David Dannemiller

Title: Vice President

1350 Euclid Ave. 11th Floor
Cleveland Ohio 4411

Attention: _____

Telephone: () _____

FAX: () _____

National City Bank

By: /s/ Tina M. Handforth

Name: Tina M. Handforth

Title: Vice President

1 South Broad St.
Philadelphia, PA 19107

Attention: _____

Telephone: () _____

FAX: () _____

The Norinchukin Bank, New York Branch

By: /s/ Fumiaka Ono

Name: Fumiaki Ono

Title: General Manager

245 Park Ave. 29th floor
New York, NY 10167

Attention: _____

Telephone: () _____

FAX: () _____

Sovereign Bank

By: /s/ Eric Ritter

Name: Eric Ritter

Title: AVP

3 Radnor Corporate Center
100 Matsonford Road, Suite 205
Radnor, Pa 19087

Attention: _____

Telephone: () _____

FAX: () _____

Bank Hapaolim B.M.

By: /s/ James Surless

/s/ Lenroy Hackett

Name: James Surless

Lenroy Hackett

Title: Vice President

Vice President

225 North Michigan Avenue, Suite 900
Chicago IL 60601

Attention: _____

Telephone: () _____

FAX: () _____

SCHEDULE 1
COMMITMENTS

<u>Lender</u>	<u>Commitment</u>
Bank One, NA	\$ 20,000,000
The Bank of Nova Scotia	\$ 20,000,000
Wachovia Bank, National Association	\$ 15,000,000
Union Bank of California, N.A.	\$ 15,000,000
PNC Bank, National Association	\$ 15,000,000
Bank of America, N.A.	\$ 15,000,000
The Royal Bank of Scotland plc	\$ 15,000,000
M&T Bank	\$ 15,000,000
Fleet National Bank	\$ 12,500,000
US Bank, N.A.	\$ 12,500,000
National City Bank	\$ 12,500,000
The Norinchukin Bank, New York Branch	\$ 12,500,000
Sovereign Bank	\$ 10,000,000
Bank Hapaolim B.M.	\$ 10,000,000
Total	\$ 200,000,000

EXHIBIT A
FORM OF COMPLIANCE CERTIFICATE

To: The Lenders parties to the
Credit Agreement Described Below

This Compliance Certificate is furnished pursuant to that certain Credit Agreement dated as of September 15, 2003 (as amended, modified, renewed or extended from time to time, the "Agreement") among SEI Investments Company (the "Borrower"), the lenders party thereto and Bank One, NA, as Agent for the Lenders. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected [Chief Financial Officer] [Corporate Controller] of the Borrower;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower and its Subsidiaries during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or Unmatured Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below; and
4. Schedule I attached hereto sets forth financial data and computations evidencing the Borrower's compliance with certain covenants of the Agreement, all of which data and computations are true, complete and correct.
5. Schedule II attached hereto sets forth the various reports and deliveries which are required at this time under the Credit Agreement, the Security Agreement and the other Loan Documents and the status of compliance.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this __ day of, ____.

SCHEDULE I TO COMPLIANCE CERTIFICATE

Compliance as of _____, ____ with
Provisions of Sections 6.11, 6.13, 6.14, 6.16 and 6.22 of
the Agreement

Section 6.11 - Indebtedness

A. 6.11(viii)
Other Indebtedness \$ _____
Requirement: Not to exceed \$20,000,000

Section 6.13 - Sale of Assets

A. Leases, sales or other dispositions of Property (12 months) \$ _____
(based on consolidated assets) \$ _____
(based on consolidated net sales) \$ _____
(based on consolidated Net Income) \$ _____

Substantial Portion of Property of the Company \$ _____
(10% of consolidated assets) \$ _____
(10% of consolidated net sales) \$ _____
(10% of consolidated Net Income) \$ _____

Section 6.14 - Investments

A. Other Investments \$ _____
Requirement: not to exceed the greater of
\$40,000,000 or
10% of Consolidated Net Worth (i.e. \$ _____)

Section 6.16 - Capital Expenditures

A. Capital Expenditures (one fiscal year) \$ _____
Requirement: Not to exceed \$30,000,000

Section 6.22.1 - Fixed Charge Coverage Ratio

A. Consolidated Income Available for Fixed Charges (*last four fiscal quarters*):

(i)	(a)	Consolidated Net Income	\$ _____
	(b)	federal, state or other income tax expense	\$ _____
	(c)	Rentals (other than Rentals on Capitalized Leases)	\$ _____
	(d)	Consolidated Interest Expense on all Indebtedness (including the interest component of Rentals on Capitalized Leases)	\$ _____
	(e)	depreciation expense	\$ _____
		Sum of (a) through (e)	(i) = \$ _____
(ii)	(a)	Capital Expenditures	\$ _____
	(b)	cash dividends paid	\$ _____
		Sum of (a) and (b)	(ii) = \$ _____
		(i) <i>minus</i> (ii)	A = \$ _____

B. Consolidated Fixed Charges:

(i)	Rentals (other than Rentals on Capitalized Leases) for the period of four fiscal quarters preceding the date of determination	\$ _____
(ii)	Consolidated Interest Expense on all Indebtedness (including the interest component of Rentals on Capitalized Leases) for the period of four fiscal quarters preceding the date of determination	\$ _____
(iii)	Indebtedness (excluding the Loans) payable pursuant to the scheduled amortization of such Indebtedness for the period of four fiscal quarters immediately following the date of determination	\$ _____
	Sum of (i) through (iii)	B = \$ _____

C. The ratio of A to B _____:1.00

MINIMUM PERMITTED: 1.25:1.00

Section 6.22.2 - Leverage Ratio

A.	Consolidated Indebtedness		A = \$ _____
B.	Consolidated EBITDA (<i>last four fiscal quarters</i>):		
(i)	(a) Consolidated Net Income		\$ _____
	(b) Consolidated Interest Expense		\$ _____
	(c) expense for taxes paid or accrued		\$ _____
	(d) depreciation expense		\$ _____
	(e) amortization expense		\$ _____
	(f) extraordinary losses		\$ _____
	(g) extraordinary gains		\$ _____
	Sum of (a) through (f) <i>minus</i> (g)		B = \$ _____
C.	The ratio of A to B	_____ : 1.00	
		MAXIMUM PERMITTED:	1.25:1.00

Section 6.22.3 - Minimum Net Worth

Consolidated Net Worth	\$ _____
MINIMUM PERMITTED	\$1.00.

SCHEDULE II TO COMPLIANCE CERTIFICATE

Reports and Deliveries Currently Due

EXHIBIT B

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including without limitation any letters of credit, guaranties and swingline loans included in such facilities and, to the extent permitted to be assigned under applicable law, all claims (including without limitation contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity), suits, causes of action and any other right of the Assignor against any Person whether known or unknown arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby) (the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____ [and is an Affiliate/Approved
Fund of [*identify Lender*]¹
3. Borrower: SEI Investments Company
4. Agent: Bank One, NA, as the agent under the Credit Agreement.
5. Credit Agreement: The \$200,000,000 Credit Agreement dated as of September 15, 2003 among SEI Investments Company, the Lenders party thereto, Bank One, NA, as Agent, and the other agents party thereto.

¹ Select as applicable.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders*	Amount of Commitment/Loans Assigned*	Percentage Assigned of Commitment/Loans ²
Revolving Credit	\$ _____	\$ _____	_____ %

7. Trade Date: _____³

Effective Date: _____, 20__ [TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER BY THE AGENT.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____

Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____

Title:

[Consented to and]⁴ Accepted:

BANK ONE, NA, as Agent

By: _____

Title:

[Consented to:]⁵

SEI INVESTMENTS COMPANY

By: _____

Title:

* Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

² Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

³ Insert if satisfaction of minimum amounts is to be determined as of the Trade Date.

⁴ To be added only if the consent of the Agent is required by the terms of the Credit Agreement.

⁵ To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

ANNEX 1
TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be responsible for (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency, perfection, priority, collectibility, or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Documents, (v) inspecting any of the property, books or records of the Borrower, or any guarantor, or (vi) any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans or the Loan Documents.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iii) agrees that its payment instructions and notice instructions are as set forth in Schedule 1 to this Assignment and Assumption, (iv) confirms that none of the funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are “plan assets” as defined under ERISA and that its rights, benefits and interests in and under the Loan Documents will not be “plan assets” under ERISA, (v) agrees to indemnify and hold the Assignor harmless against all losses, costs and expenses (including, without limitation, reasonable attorneys’ fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee’s non-performance of the obligations assumed under this Assignment and Assumption, (vi) it has received a copy of the Credit Agreement, together with copies of financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Agent or any other Lender, and (vii) attached as Schedule 2 to this Assignment and Assumption is any documentation required to be delivered by the Assignee with respect to its tax status pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (b) agrees that (i) it will, independently and without reliance on the Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. The Assignee shall pay the Assignor, on the Effective Date, the amount agreed to by the Assignor and the Assignee. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and

Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of Illinois.

SCHEDULE 1

ADMINISTRATIVE QUESTIONNAIRE

(Schedule to be supplied by Closing Unit or Trading Documentation Unit)

(For Forms for Primary Syndication call Peterine Svoboda at 312-732-8844)

(For Forms after Primary Syndication call Jim Bartz at 312-732-1242)

SCHEDULE 2

US AND NON-US TAX INFORMATION REPORTING REQUIREMENTS

(Schedule to be supplied by Closing Unit or Trading Documentation Unit)

(For Forms for Primary Syndication call Peterine Svoboda at 312-732-8844)

(For Forms after Primary Syndication call Jim Bartz at 312-732-1242)

EXHIBIT C

LOAN/CREDIT RELATED MONEY TRANSFER INSTRUCTION

To Bank One, NA,
as Agent (the "Agent") under the Credit Agreement
Described Below.

Re: Credit Agreement, dated as of September 15, 2003 (as the same may be amended or modified, the "Credit Agreement"), among SEI Investments Company (the "Borrower"), the Lenders named therein and the Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement.

The Agent is specifically authorized and directed to act upon the following standing money transfer instructions with respect to the proceeds of Advances or other extensions of credit from time to time until receipt by the Agent of a specific written revocation of such instructions by the Borrower, *provided, however*, that the Agent may otherwise transfer funds as hereafter directed in writing by the Borrower in accordance with Section 13.1 of the Credit Agreement or based on any telephonic notice made in accordance with Section 2.14 of the Credit Agreement.

Facility Identification Number(s) _____

Customer/Account Name _____

Transfer Funds To _____

For Account No. _____

Reference/Attention To _____

Authorized Officer (Customer Representative)

(Please Print)

Date: September 15, 2003

Signature

Bank Officer Name

(Please Print)

Date: September 15, 2003

Signature

(Deliver Completed Form to Credit Support Staff For Immediate Processing)

EXHIBIT D
FORM OF NOTE

September 15, 2003

SEI INVESTMENTS COMPANY, a Pennsylvania corporation (the "Borrower"), promises to pay to the order of _____ (the "Lender") the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to Article II of the Agreement (as hereinafter defined), in immediately available funds at the main office of Bank One, NA in Chicago, Illinois, as Agent, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrower shall pay the principal of and accrued and unpaid interest on the Loans in full on the Facility Termination Date and shall make such mandatory payments as are required to be made under the terms of Article II of the Agreement.

The Lender shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and amount of each Loan and the date and amount of each principal payment hereunder.

This Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement dated as of September 15, 2003 (which, as it may be amended or modified and in effect from time to time, is herein called the "Agreement"), among the Borrower, the lenders party thereto, including the Lender, and Bank One, NA, as Agent, to which Agreement reference is hereby made for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

SEI INVESTMENTS COMPANY

By: _____

Print Name: _____

Title: _____

SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO

NOTE OF _____ ,
DATED SEPTEMBER 15, 2003

<u>Date</u>	<u>Principal Amount of Loan</u>	<u>Maturity of Interest Period</u>	<u>Principal Amount Paid</u>	<u>Unpaid Balance</u>
-------------	---	--	--------------------------------------	---------------------------

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT is made and entered into effective as of this 15th day of September, 2003 between **SEI INVESTMENTS COMPANY**, a Pennsylvania corporation (“Borrower”) and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association (the “Bank@”).

WITNESSETH:

WHEREAS, the parties entered into a Loan Agreement effective as of July 26, 2001 (the “Loan Agreement”); and

WHEREAS, the parties wish to amend the Loan Agreement in order to make certain changes to financial covenants (this amendment herein sometimes called the “First Amendment”).

NOW, THEREFORE, the parties agree as follows:

1. Changes in Credit Facility.

(A) Section 2(a) of the Loan Agreement shall be amended and restated as follows:

(a) **Financial Covenants.** The Borrower shall, through their consolidated financial statements, at all times maintain (i) a minimum Consolidated Fixed Charges Coverage Ratio (as defined in Exhibit “2(a)”) of not less than 1.25 to 1.00 and (ii) a maximum Consolidated Leverage Ratio (as defined in Exhibit “2(a)”) of not more than 1.25 to 1.0. Such financial tests shall be determined in accordance with generally accepted accounting principles (“GAAP”) consistently applied in accordance with past practice, and any terms used in the Agreement or in Exhibit “2(a)” that are not therein defined shall have their usual and ordinary meaning under GAAP and (iii) a minimum Consolidated Net Worth (as defined in Exhibit “2(a)” of \$100,000,000 at June 30, 2003 and increasing by 50% of quarterly Consolidated Net Income beginning September 30, 2003 and each quarter thereafter.

(B) Exhibit “2(a)” of the Loan Agreement shall be amended and restated in the form of new Exhibit “2(a)” attached hereto and made a part hereof.

(C) Section 2(i) of the Loan Agreement shall be amended and restated as follows:

(iii) Indebtedness related to revolving credit obligations up to maximum principle balance of \$200,000,000 owing to Bank One, N.A. under a Loan Agreement initially dated September 15th 2003, as amended and including renewals at no more than the same level of indebtedness.

(D) Section 5(m) of the Loan Agreement shall be amended and restated as follows:

Any party becomes the owner of more than thirty percent (30%) of Borrower's outstanding shares, excluding the Borrower and its Subsidiaries, any employee benefit plan of the Borrower or its Subsidiaries, any person appointed or entity organized or established by the Borrower for or pursuant to any such employee benefit plan, and Alfred P. West, Jr. or his spouse, and/or a member of his immediate family or, without prior notice to and written approval by the Bank (which approval shall not be unreasonably withheld).

2. **Effectiveness.** This First Amendment shall be effective upon delivery to Bank of an original of this First Amendment, duly executed by Borrower, along with (unless waived by the Bank) certified resolutions of Borrower's Board of Directors authorizing this First Amendment.

3. **Representations, Warranties and Covenants.** The Borrower further represents and warrants that:

(A) This First Amendment has been duly executed and delivered by Borrower, is authorized by all requisite corporate action of Borrower and is the legal, valid, binding and enforceable obligation of Borrower; and

(B) The execution and delivery by the Borrower of this First Amendment will not constitute a violation of any applicable law or a breach of any provision contained in Borrower's Articles or Certificate of Incorporation or By-Laws, or contained in any order of any court or any other governmental agency or in any agreement, instrument or document to which Borrower is a party or by which Borrower or any of its assets or properties are bound; and

(C) Except as previously waived by the Bank in writing, or as noted in Schedule "A" attached hereto, there is outstanding no Event of Default or event which with the giving of notice and/or the passage of time, would constitute an Event of Default under the Loan Agreement, as of the effective date of and after giving effect to this First Amendment; and

(D) Except as modified hereby or as noted in said Schedule "A," all representations, warranties and covenant or as to the Borrower set forth in the Loan Agreement or any of the other Loan Documents, as applicable, shall be deemed restated in all material respects as of the date hereof.

4. **Miscellaneous.**

(A) As amended hereby, the Loan Agreement shall remain in full force and effect, and all references in the Loan Agreement (or other Loan Documents issued pursuant to the Loan Agreement) shall mean such Loan Agreement as amended hereby.

(B) Capitalized terms used but not defined herein shall have the same meanings herein as in the Loan Agreement.

(C) The Borrower shall reimburse Bank for all reasonable out-of-pocket costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Bank or for which the Bank becomes obligated in connection with or arising out of this First Amendment.

(D) Except as amended hereby, the Loan Agreement shall be deemed confirmed and on-going in accord with its terms. Nothing herein, however, shall be deemed an acceptance or waiver as to proposed future changes in Borrower's business and structure that, without the Bank's consent and/or an additional amendment of the Loan Agreement, might otherwise be an Event of Default hereunder.

(E) This First Amendment may be executed in counterparts, all of which constitute one instrument hereunder.

SCHEDULE "A"

None

EXHIBIT “2(a)”

Financial Covenant Definitions

1. “Capitalized Lease” means any lease obligations with respect to which is required to be capitalized on a consolidated balance sheet of the lessee and its subsidiaries in accordance with GAAP.
2. “Consolidated Fixed Charges” means, for any period, on a consolidated basis the sum of (i) all Rentals (other than Rentals on Capitalized Leases) payable by the Borrower and its Subsidiaries for the period of four fiscal quarters preceding the date of determination, (ii) all Consolidated Interest Charges on all Indebtedness (including the interest component of Rentals on Capitalized Leases) of the Borrower and its Subsidiaries for the period of four fiscal quarters preceding the date of determination and (iii) Consolidated Indebtedness (excluding the Loans hereunder) payable pursuant to the scheduled amortization of such Indebtedness by the Borrower and its Subsidiaries for the period of four fiscal quarters immediately following the date of determination.
3. “Consolidated Fixed Charge Coverage Ratio” means the ratio, determined as of the end of each of its fiscal quarters, of (i) Consolidated Income Available for Fixed Charges, for the then most-recently ended four fiscal quarters, to (ii) Consolidated Fixed Charges for the same period, all calculated for the Borrower and its Subsidiaries on a consolidated basis.
4. “Consolidated Income Available for Fixed Charges” means, for any period, the sum of (i) Consolidated Net Income during such period plus (ii) to the extent deducted from revenues in determining Consolidated Net Income, (A) all provisions for any Federal, state or other income taxes made by the Borrower and its Subsidiaries during such period, (B) all provisions for Rentals (other than Rentals on Capitalized Leases) during such period by the Borrower and its Subsidiaries, (C) all provisions for Consolidated Interest Charges on all Indebtedness (including the interest component of Rentals on Capitalized Leases) of the Borrower and its Subsidiaries during such period and (D) all provisions for depreciation made by the Borrower and its Subsidiaries during such period, minus (iii) the sum of (A) all Capital Expenditures of the Borrower and its Subsidiaries during such period and (B) all cash dividends paid by of the Borrower and its Subsidiaries during such period.
5. “Consolidated Indebtedness” means, at any time, the aggregate dollar amount of Indebtedness of the Borrower and its Subsidiaries calculated on a consolidated basis outstanding at such time, whether or not such amount is due or payable at such time.
6. “Consolidated Leverage Ratio” means the ratio of (i) Consolidated Indebtedness to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters.
7. “Consolidated Net Income” for any period means the gross revenues of the Borrower and the Subsidiaries for such period less all expenses and other proper charges (including taxes on income), determined on a consolidated basis after eliminating earnings or losses attributable to outstanding Minority Interests, but excluding in any event:
 - (a) any extraordinary gains or losses on the sale or other disposition of Investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;
 - (b) any net income or any net loss during such period from any discontinued operations or the disposition thereof,

-
- (c) the proceeds of any life insurance policy;
 - (d) net earnings and losses of any Subsidiary accrued prior to the date it became a Subsidiary;
 - (e) net earnings and losses of any corporation (other than a Subsidiary, substantially all the assets of which have been acquired in any manner by the Borrower or any Subsidiary, realized by such corporation prior to the date of such acquisition;
 - (f) net earnings and losses of any corporation (other than a Subsidiary) with which the Borrower or a Subsidiary shall have consolidated or which shall have merged into or with the Borrower or a Subsidiary prior to the date of such consolidation or merger;
 - (g) net earnings of any business entity (other than a Subsidiary) in which the Borrower or any Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Borrower or such Subsidiary in the form of cash distributions;
 - (h) any portion of the net earnings of any Subsidiary which for any reason is unavailable for payment of dividends to the Borrower or any other Subsidiary;
 - (i) earnings resulting from any reappraisal, revaluation or write-up of assets;
 - (j) any deferred or other credit representing any excess of the equity in any Subsidiary at the date of acquisition thereof over the amount invested in such Subsidiary;
 - (k) any gain arising from the acquisition of any Securities of the Borrower or any Subsidiary; and
 - (l) any reversal of any contingency reserve, which reversal is required under GAAP to be disclosed in the financial statements of the Borrower, except to the extent that provision for such contingency reserve shall have been made from income arising during such period.

8. "Consolidated Net Worth" shall mean at any time the stockholder's equity of the Borrower and its Subsidiaries calculated on a consolidated basis as of such time.

9. "Consolidated Total Funded Debt" shall be defined as the sum, without duplication, of (a) outstanding borrowings under the Term Loan Facility, plus (b) the face amount of issued and outstanding letters of credit, plus (c) all other obligations of the Borrower and its consolidated Subsidiaries for borrowed money or which has been incurred in connection with the acquisition of assets, including capital lease obligations, plus (d) the amount of any securitized assets sold with or without recourse by the Borrower and/or its subsidiaries plus, (e) all guarantees provided by the Borrower and its subsidiaries to third parties.

10. "Interest Charges" for any period means all interest and all amortization of debt discount and expense on any particular Indebtedness for which such calculations are being made. Computations of Interest Charges on a *pro forma* basis for Indebtedness having a variable interest rate shall be calculated at the rate in effect on the date of any determination.

11. "Investments" shall mean all investments, in cash or by delivery of property made, directly or indirectly in any Person, whether by acquisition of shares of capital stock, indebtedness

or other obligations or Securities or by loan, advance, capital contribution or otherwise; *provided, however*, that “Investments” shall not mean or include routine investments in property to be used or consumed in the ordinary course of business (including those assets designated as loans receivable available for sale in accordance with GAAP).

12. “Minority Interests” means any shares of stock of any class of Subsidiary (other than directors= qualifying shares as required by laws) that are not owned by a Borrower and/or one or more of the Subsidiaries. Minority Interests shall be valued by valuing Minority Interests constituting preferred stock at the voluntary or involuntary liquidating value of such preferred stock, whichever is greater, and by valuing Minority Interests constituting common stock at the book value of capital and surplus applicable thereto adjusted, if necessary, to reflect any changes from the book value of such common stock required by the foregoing method of valuing Minority Interests in preferred stock.

13. “Person” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

14. “Rentals” means and includes as of the date of any determination thereof all fixed payments (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Borrower or a Subsidiary, as lessee or sublessee under a lease of real or personal property, but shall be exclusive of any amounts required to be paid by the Borrower or a Subsidiary (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Fixed rents under any so-called “percentage leases” shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee regardless of sales volume or gross revenues.

CERTIFICATIONS

I, Alfred P. West, Jr., Chairman and Chief Executive Officer of SEI Investments Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEI Investments Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) Designed such disclosure controls, and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting;.

Date: November 13, 2003

/s/ Alfred P. West, Jr.

Alfred P. West, Jr.
Chairman and Chief Executive Officer

CERTIFICATIONS

I, Dennis J. McGonigle, Chief Financial Officer of SEI Investments Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEI Investments Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 13, 2003

/s/ Dennis J. McGonigle

Dennis J. McGonigle
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Alfred P. West, Chairman and Chief Executive Officer of SEI Investments Company, a Pennsylvania corporation (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2003

/s/ Alfred P. West, Jr.

Alfred P. West, Jr.
Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Dennis J. McGonigle, Chief Financial Officer of SEI Investments Company, a Pennsylvania corporation (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2003

/s/ Dennis J. McGonigle

Dennis J. McGonigle
Chief Financial Officer