

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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FILER

NAVIGANT INTERNATIONAL INC

CIK: **1055455** | IRS No.: **522080967** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K405** | Act: **34** | File No.: **000-24387** | Film No.: **98669953**
SIC: **4700** Transportation services

Mailing Address

*P.O. BOX 6604
ENGLEWOOD CO 80155-6604*

Business Address

*84 INVERNESS CIRCLE EAST
ENGLEWOOD CO 80112-5314
9207342756*

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
For the fiscal year ended April 25, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number _____

NAVIGANT INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

52-2080967

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

84 INVERNESS CIRCLE EAST
ENGLEWOOD, COLORADO

80112

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number: (303) 706-0800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
------------------------------	--

None.

None.

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.001 par value per share

(Title of Class)

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

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

The aggregate market value of the Registrant's voting stock held as of
July 17, 1998 by non-affiliates of the Registrant was \$101,644,200. This
calculation assumes that certain parties may be affiliates of the Registrant and
that, therefore, 12,705,522 shares of voting stock are held by non-affiliates.
As of July 17, 1998, the Registrant had 12,969,000 shares of its common stock
outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant's definitive Proxy Statement for the Annual Meeting of shareholders is incorporated by reference in Part III.

FORWARD-LOOKING STATEMENTS

Statements contained in this Annual Report on Form 10-K ("Annual Report") of Navigant International, Inc. ("Navigant," or the "Company") which are not historical in nature are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements in Items 1. and 2., "Business and Properties," Item 5., "Market for Registrant's Common Equity and Related Stockholder Matters" and Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations," regarding intent, belief or current expectations of the Company or its officers with respect to, among other things, trends in the travel industry, the Company's business and growth strategies, the Company's use of technology, the Company's distribution of services, the continued use of travel agents by corporate customers, the use of co-branding involving the Company's subsidiaries, the Company's Year 2000 compliance, the Company's payment or non-payment of dividends, implementation by the Company of management contracts and transaction fees with corporate customers, and planned cost reduction measures.

Such forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from anticipated results. These risks and uncertainties include changes or reductions in the commission structure in the travel industry, changes in laws or regulations concerning the travel industry, trends in the travel industry (including consolidation and increased use of the Internet and computer on-line services), the ability of the Company to successfully integrate the operations of existing or acquired travel agency companies, any loss or modification of material contracts the Company has with travel suppliers or current customers, a variety of factors such as a recession or slower economic growth, weather conditions and concerns for passenger safety that could cause a decline in travel demand, potential liability for any Distribution Taxes (as defined below) and potential liabilities allocated to Navigant pursuant to the Distribution Agreement (as defined below), as well as the risk factors set forth in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Factors," and other factors as may be identified from time to time in the Company's filings with the Securities and Exchange Commission or in the Company's press releases.

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NAVIGANT INTERNATIONAL, INC.

ANNUAL REPORT ON

FORM 10-K

FOR FISCAL YEAR ENDED APRIL 25, 1998

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES.

GENERAL

Navigant International, Inc., one of the five largest providers of corporate travel management services in the United States based on airline ticket sales, was formed through the acquisition of twelve regional corporate travel agencies. In calendar year 1997, the travel agencies that comprise Navigant booked \$1.42 billion in airline ticket sales, or approximately 2.6 million airline tickets (on a pro forma basis). With locations throughout the United States, in Canada, and in the United Kingdom, Navigant provides its corporate customers with a wide range of corporate travel management services through several channels, including on-site travel agencies, regional travel agency offices and satellite ticket printers. Navigant also provides group and leisure travel services, largely to its corporate customers.

On June 9, 1998, all of the approximately 10,968,951 shares of common stock, par value \$.001 per share, of Navigant (the "Company Common Stock" or the "Navigant Common Stock") owned by U.S. Office Products Company ("U.S. Office Products") were distributed in a spin-off to the stockholders of U.S. Office Products (the "Travel Distribution"). The Travel Distribution was part of a comprehensive restructuring plan adopted by the U.S. Office Products Board of Directors (the "Strategic Restructuring Plan") in which U.S. Office Products spun-off the shares of the four companies (the "Spin-Off Companies") that conducted U.S. Office Products' print management, technology solutions, educational supplies and corporate travel services businesses. The spin-offs are

collectively referred to as the "Distributions." In connection with the Travel Distribution, Navigant entered into a series of agreements with U.S. Office Products and the other Spin-Off Companies to provide mechanisms for an orderly transition and to define certain relationships among Navigant, U.S. Office Products and the other Spin-Off Companies after the Distributions. These agreements include, among others, a distribution agreement (the "Distribution Agreement"), a Tax Allocation Agreement (the "Tax Allocation Agreement"), a tax indemnification agreement (the "Tax Indemnification Agreement") and an employee benefits agreement (the "Employee Benefits Agreement"). See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Factors - Risks Related to Integration of Operations and Acquisitions" and "- Potential Liability for Taxes Related to the Distributions."

TRAVEL SERVICES INDUSTRY

The travel agency industry in the United States is highly fragmented and characterized by intense competition. There are approximately 30,000 travel agencies producing an estimated \$70 billion in annual airline ticket sales. Approximately seven of those agencies, including Navigant, have more than \$1.0 billion each in annual airline sales. Navigant believes that approximately 75% of the United States market for air travel is booked through travel agencies. Business travel accounts for approximately 60% of all travel expenditures, with leisure travel accounting for the

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balance. Airline ticket sales by travel agencies increased at a rate of approximately 10.5% for calendar year 1997, and have increased approximately 66% since 1988, according to recent industry reports.

Travel agencies serve both their customers and travel suppliers. Agencies have traditionally served their customers by booking travel reservations with travel suppliers and providing information regarding the array of travel options available. The agencies review, analyze and simplify the range of information concerning competing suppliers, schedules and prices to provide customers with relevant and useful choices. In addition, agencies servicing corporate customers offer customized reports and other management tools that facilitate the development and monitoring of corporate travel policies. Agencies also serve travel suppliers by acting as their primary distribution channel for information and booking services. Travel agencies derive their revenue from commissions generated by airline, rental car and hotel bookings, from management fees paid by corporate customers, and from service fees paid by customers.

The corporate travel management industry has undergone significant changes since 1995, due in part to the reduction in commission revenues from airline carriers, increasing industry reliance on technology and the concentration of the industry's customer base. Navigant believes that significant technological and financial resources are required to compete in today's corporate travel market, and that larger corporate travel agencies may therefore have a competitive advantage. Accordingly, Navigant believes the business travel agency industry is undergoing a period of consolidation and that significant growth opportunities exist. Navigant believes that large agencies providing integrated systems from purchasing to payment will eventually dominate the industry.

The industry's role and capacity as a distribution channel, and its relationship with both customers and suppliers, is also undergoing significant changes as a result of the Internet, computer on-line services and other technological innovations. Navigant believes these innovations offer opportunities for travel agencies to increase the efficiency of their distribution systems and enhance services provided to travelers and corporate travel managers.

BUSINESS STRATEGY

Navigant's objective is to be a premier provider of corporate travel management services to middle market and larger companies around the world. To accomplish this objective, Navigant has a focused business strategy based upon the following key principles:

- . Focusing on corporate travel. Navigant's customers are primarily middle market and larger corporations, which typically require the expertise and efficiencies offered by multi-regional professional service providers. Navigant provides these customers with end-to-end systems integration of their corporate travel: from consulting on the development of corporate travel policies, negotiating with frequently-used travel suppliers and making reservations, to providing corporate management with detailed accounting, travel expense and travel activity reports.
- . Maintaining personalized customer service. Navigant's strategy is to

combine the resources and efficiencies of a large, national "mega-agency" with the responsive, personalized service of local and regional travel agencies. Although the mega-agencies have the resources to manage and service large national accounts efficiently, they have not maintained a reputation for delivery of personal service. Navigant believes that its regional business focus, which allows it to emphasize customer service and to offer its customers dedicated, local service, is a key difference between it and its other large competitors.

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. Operating with decentralized management structure. Navigant believes that its local management teams have a thorough understanding of their respective geographic markets and businesses and have developed strong relationships with their customers and suppliers. Navigant intends to capitalize on its local market expertise and client relationships by utilizing a decentralized management structure. Even as Navigant centralizes administrative and technology systems, local management will continue to handle daily interactions with customers and operate their businesses with an appreciation of their particular local and regional markets. Navigant's executive management team will work closely with local and regional offices to coordinate, integrate and expand their service offerings. Navigant also intends to use appropriate incentive compensation, including stock ownership, options, or cash bonuses, to ensure that local management interests and Navigant objectives remain aligned.

. Achieving operating efficiencies. Navigant's strategy is to reduce costs as a percentage of sales by taking advantage of purchasing, administrative and other operating efficiencies which it believes can be achieved with the Company's existing (and potentially increasing) size and scale. Navigant believes that it will be able to achieve operating efficiencies by eliminating redundant facilities, reducing overhead and combining certain general and administrative functions, such as accounting and reporting of airline ticket sales to Airlines Reporting Corporation ("ARC"), 24-hour toll-free number emergency service, research and development, purchasing and data processing. Navigant also believes that economies can be achieved in contracting for insurance, financial management, human resources and legal support.

. Utilizing technology to improve service and reduce cost. Navigant intends to continue pursuing systems and technological advancement to provide the most complete, accurate and current information about travel services and reservations to its customers. Certain of Navigant's subsidiaries have developed operating and technology systems designed to improve and enhance their operations, including a fully-automated quality assurance and cost savings program. See "Services - Use of Technology" in Items 1. and 2. Navigant intends to utilize the Internet, computer on-line booking services and other technological innovations to enhance its ability to service its customers efficiently and conveniently and to reduce the cost of transactions to its customers.

GROWTH STRATEGIES

Navigant plans to achieve its objective of being a premier provider of corporate travel management services to middle market and larger companies around the world by implementing an internal growth strategy and pursuing an aggressive acquisition program.

. Implementing internal growth strategy. The key elements of Navigant's internal growth strategy are as follows:

Generate new customers through an aggressive marketing

program. Navigant intends to expand its customer base by

capitalizing on the breadth of its services, its size, its geographic scope and its financial resources. The Company believes that its nationwide presence will attract corporate customers that have locations in more than one geographic region.

Continue to reduce customer costs. Navigant intends to

continue developing its planning, consulting and other management services to help clients

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achieve their travel objectives at the lowest feasible cost. In addition, Navigant's shift toward a revenue structure based primarily on management fees enables Navigant to share with customers the cost

savings it achieves through operating efficiencies. See "Revenue Sources" in Items 1. and 2.

Implement best practices. Navigant believes

that the ability of its different operating units to access and share the collective experience and expertise of its management gives it competitive advantages in the industry. Navigant seeks to identify certain best practices in each of its operating units that can be implemented in other operating units, and therefore generate incremental revenue, reduce costs, and enhance profitability. For example, Navigant intends to identify the best applications among the software and information technology of each of its subsidiaries.

Achieve economies of scale. Navigant believes

that it can achieve economies through the integration of its back-office operations, technology development and information and management systems of its current operations. For instance, Navigant has begun implementing a single, Company-wide information technology platform to service its accounting and reporting requirements. Navigant believes that it can benefit from greater purchasing power in such key expense areas as telecommunications, advertising, insurance, courier expenses and employee benefits. Navigant also believes that it can reduce total operating expenses by eliminating or consolidating certain duplicative administrative functions, such as ARC processing, 24-hour toll-free number emergency services and research and development.

. Pursuing an aggressive acquisition program to further consolidate the industry. Navigant believes that the travel service industry is highly fragmented with significant opportunities to consolidate through selective acquisitions of leading regional and local companies. Navigant will seek to acquire companies that (i) have demonstrated growth and profitability, (ii) have desirable geographic locations, (iii) are run by successful, experienced entrepreneurs whom Navigant will generally endeavor to retain, (iv) predominantly serve the corporate market and (v) have an emphasis on customer service. Navigant believes that its acquisition strategy will enable it to achieve operating efficiencies through consolidation of purchasing and various administrative functions, while freeing regional and local management to focus on service and customer satisfaction. Navigant believes that opportunities exist for global expansion. Navigant, which already has operations in Canada and the United Kingdom, also intends to continue seeking opportunities for international expansion through strategic international acquisitions and through internal expansion into global markets.

Navigant routinely reviews, and conducts investigations of, potential acquisitions of domestic and foreign travel agencies. When Navigant believes a favorable opportunity exists, Navigant seeks to enter into discussions with the owners of such businesses regarding the possibility of an acquisition by Navigant. At any given time, Navigant may be in discussions with one or more travel agency owners.

SERVICES

Travel Management Services

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Navigant provides the full range of corporate travel management services, including: reservations by telephone, facsimile, Internet and direct access; ticketing; accounting; information and management reporting; assistance in planning and organizing incentive trips, corporate meetings and events; and travel management consulting services. In providing these services, Navigant seeks to assist corporations in managing and controlling their travel costs.

Navigant books travel reservations for its customers with a variety of travel suppliers, including airlines, hotels and rental car companies. In calendar year 1997, the travel agencies that comprise Navigant booked \$1.42 billion in airline ticket sales, or approximately 2.6 million airline tickets (on a pro forma basis). In order to improve customer value, Navigant uses several computer reservation systems to book airline tickets, hotel reservations and rental car reservations. Navigant uses three major systems, SABRE, Galileo/Apollo and Worldspan. After reserving travel arrangements for its customers, Navigant issues tickets, both paper and electronic, and provides its customers with detailed itineraries, which include confirmation numbers for hotel and car rental reservations. Navigant also provides a 24-hour toll-free emergency number which its customers can access for emergency assistance.

For its business customers, Navigant provides various travel management services. These include tracking and reporting travel expenses, providing

reports to management summarizing travel patterns and policy, and identifying deviations from the customer's travel policies. See "Services - Use of Technology" in Items 1. and 2. Navigant can also assist its business customers in the creation of their travel policies and can manage customer costs by negotiating discounts and other benefits with travel suppliers, such as airlines, hotels and car rental companies.

In addition to corporate travel management, Navigant provides leisure travel services to individuals and groups, as a small portion of its overall business. Navigant derives part of its leisure travel business through its existing corporate customer base. Certain of Navigant's regional offices also actively advertise in the leisure travel market.

Use of Technology

Navigant embraces technology as a key to future success in the travel industry. Navigant's information technology can provide corporate travel managers with extensive data about individual, departmental and company travel activity and patterns. Navigant can use this information to consult with its customers regarding the structure, operation and efficiency of a variety of corporate travel policies. In addition, Navigant can provide corporate travel managers with comprehensive information about cost saving opportunities for the travel undertaken by their companies' employees.

Navigant has developed a fully-automated quality assurance program, AQUA/(R)/, which features both a quality auditing system and a computerized cost avoidance system. AQUA's Trip Auditor system checks each travel record for accuracy and completeness and repetitively searches airline seat maps for each traveler's preferred seat assignments and frequent flier upgrade opportunities. AQUA's FareBuster system is a computerized cost avoidance program which checks each record for a lower airline fare or hotel rate and continuously checks wait list flights and flight inventories for discount fares that become available prior to travel. AQUA also advises travel managers of travelers who are not taking advantage of the lowest fare. Although certain of Navigant's regional agencies do not use the AQUA system, Navigant intends to install the system throughout its offices.

In addition, Navigant has recently developed an Internet system that allows travel managers and other executives to view their company's travel activities 24 hours a day using a password

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protected system. The user can view both pre-trip and post-trip information sorted at every level of corporate organization, from individual traveler to department, division or company.

Distribution of Services

Navigant provides corporate travel management services to its customers through several channels, including on-site travel agencies, regional travel agency offices and on-site satellite ticket printers ("STPs").

Navigant currently has approximately 244 on-site travel operations on customer premises, where it provides customized trip planning, reservation and ticketing services to the employees of corporate customers. On-site operations are typically desirable for customers with airline expenditures in excess of \$1.0 million per year. Through an on-site office, Navigant is able to work one-on-one with the customer's travel manager to meet the customer's travel needs, including the need for customized corporate travel information and negotiations with travel suppliers frequently used by the customer.

Navigant has approximately 107 regional travel agency offices. These offices are typically used by corporate customers with less than \$1.0 million in travel expenditures per year. The regional travel agency offices provide local companies with comprehensive travel management services, including trip planning, reservation and ticketing services, accounting, corporate travel reporting, negotiations with frequently used travel suppliers and consulting. The regional nature of these offices allows them to leverage their local market expertise and to provide quick, responsive and personalized service. In addition, regional travel agency offices provide backup to nearby on-site locations.

Navigant also operates approximately 274 STPs at customer locations across the country. Navigant uses these printers to distribute tickets instantly to customers' field locations that have enough volume to justify the STP. Locations with lower volume can receive tickets via overnight delivery services. Navigant believes that the advent of electronic ticketing will eventually eliminate the need for STPs and overnight delivery.

Navigant has entered into arrangements with third parties pursuant to which it fulfills travel reservations placed on the Internet. In addition, Navigant, through its regional offices, has several sites on the World Wide Web

where individual customers can, among other things, check flight times, make reservations, access and sort password-protected corporate travel data, find restaurants and automatic teller machines, and access the latest currency conversions.

Navigant also offers desktop reservation services to its customers. This distribution method offers customers the option of performing reservation services directly, while the travel agent provides a supporting role. The travel agent's role includes performing quality control on the reservation, travel policy compliance, assisting the traveler with the use of the reservation system and issuing and delivering tickets reserved by the customer. Additionally, the travel agent reports to management on matters such as pre- and post-travel activity, cost saving opportunities and the development and assessment of the company's travel policy and negotiated rate opportunities.

REVENUE SOURCES

Navigant generates revenues principally from (i) base and incentive override commissions on air travel tickets, (ii) fees for services rendered to customers and (iii) commissions on hotel reservations and car rentals. In accordance with industry practice, Navigant receives a commission on each domestic and international air travel ticket that it issues of approximately 8%, with a

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commission cap of \$25 on domestic one-way air travel tickets and \$50 on domestic round-trip tickets. Commissions on international tickets are not subject to a commission cap. Navigant has also entered into agreements with major airlines for the payment of "incentive override commissions" in addition to the base commissions Navigant receives. Under such agreements, the airlines generally award additional commissions on domestic and international air travel if the volume of Navigant's ticket sales surpasses specified thresholds, which typically are based on the airlines' share of the relevant markets. Furthermore, Navigant receives a commission equal to approximately 10% of the hotel rate for hotel reservations that it makes and a commission equal to approximately 5% of the base rental car rate for rental car reservations that it makes.

In response to reductions in the commissions paid to travel agents and consistent with growing industry practice, Navigant has entered into management contracts with many of its corporate customers. Under these contracts, Navigant typically deducts its direct operating expenses, indirect overhead costs and a management fee from commission revenues collected from travel arrangements made on behalf of the customer. If the commission revenues collected exceed the amounts deducted, Navigant may share a negotiated amount of the excess with the customer. If the commission revenues do not cover the amounts deducted, the customer pays the difference to Navigant. Fee income recognized under management contracts has historically been paid from commissions paid by travel suppliers. As a result, Navigant does not prepare separate reports distinguishing payments under management contracts from commission income.

After the airlines instituted the commission cap in 1995, and reduced base commissions to approximately 8% in October 1997, travel agencies, including Navigant, began charging transaction fees for some services to non-contract customers. Navigant typically charges between \$10 and \$15 per ticket for tickets issued to customers who do not have a management contract with Navigant.

Despite the management fees increasingly being charged to customers since airlines reduced commissions, it is Navigant's belief that corporate customers will continue to use travel agents to obtain services not available from travel suppliers, and to take advantage of the agents' informational resources. The costs incurred by a corporate customer for processing reservations and analyzing the voluminous information available regarding travel services would probably exceed the fees charged by a travel agency. In addition, the management fee structure enables the customer to benefit from operating efficiencies and other cost reductions that Navigant is able to achieve. Moreover, an internal travel management capability would fall outside the core business expertise of most companies. Customers have the option of contracting directly with airlines and other travel suppliers, but at the risk of increased costs, inadequate information and a substantial time investment.

Navigant also provides group and leisure travel services, largely to its corporate customers. Navigant's leisure travel services include booking airline tickets, hotel reservations, car rentals, tours, cruises and specialty travel packages. As is the case with non-contract corporate customers, Navigant usually charges between \$10 and \$15 per airline ticket for tickets issued to leisure customers.

COMPETITION

Navigant competes with a variety of other providers of travel and travel-related products and services. Its principal competitors are (i) other travel agencies and other distributors of travel services, (ii) travel suppliers

offering their products and services directly to consumers and (iii) various on-line services available on the Internet.

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Navigant faces competition from local, regional and large travel agencies. Local and regional agencies often have a strong presence in particular geographic areas and benefit from a detailed knowledge of their particular markets. Large travel agencies and other travel distributors may have substantial resources and the scale to achieve certain purchasing and operating efficiencies. In addition, travel suppliers, including airlines, hotels and rental car companies, are increasingly offering their products and services directly to consumers through the Internet and computer on-line services. Because of low barriers to entry in the travel service industry, Navigant constantly faces competition from possible new entrants. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Factors - Substantial Competition and Industry Consolidation; New Methods of Distribution."

Navigant believes that it competes for customers based upon service, price and specialized knowledge. Navigant believes that it is well-positioned to compete on these bases due to its combination of size and regional focus. Navigant uses its size to achieve operating efficiencies by implementing customized and industry-standard technologies and by consolidating administrative functions. Navigant's size also provides opportunities to negotiate favorable arrangements with travel suppliers, such as airlines, hotels and rental car companies. Navigant's regional focus, conversely, fosters personalized customer service and specialized local market knowledge, which helps improve customer service and expand the Company's customer base.

MARKETING AND SALES

Navigant's marketing continually targets both new and existing customers. Navigant's sales staff identifies potential customers, and develops opportunities to provide additional travel services to existing customers. Over the past few years, travel policy and travel purchasing decisions in larger companies have been centralized in purchasing departments, with travel managers, or within the offices of chief financial officers. The selection of a travel agency has also become more formal, with larger accounts soliciting bids through "requests for proposals." Navigant has adapted to these changes by relying on a sales force specially trained in the business of corporate travel, supported by experienced marketing staff. Navigant has approximately 100 employees in its sales and marketing departments.

Navigant also plans to utilize co-branding to enhance its national identity. Navigant expects that each of its subsidiaries will use the Company's name and its own name together in its advertising and marketing efforts.

MANAGEMENT INFORMATION SYSTEMS

Navigant uses networked management information systems for financial management, reporting, and communication. These systems provide management with current financial information from all Navigant offices, and allow management to share that information easily and quickly with others. The systems also allow management to communicate efficiently with employees and each other throughout the business day. Navigant employs technicians to administer, install, and maintain its computer hardware and software, as well as computer programmers to create software solutions for Navigant and its customers. Navigant has begun implementing a single, Company-wide information technology platform to service its accounting and reporting requirements, and expects the new system to be in place Company-wide by the end of its 1998 fiscal year, which will occur in April 1999.

YEAR 2000 ISSUES

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Navigant is addressing the Year 2000 issues relating to its financial accounting system by upgrading its financial accounting software to a program that is Year 2000 compliant. This upgrade is being done in conjunction with Navigant's shift towards an integrated system for all of its operating subsidiaries and, therefore, Navigant expects that the upgrade to Year 2000 compliant software will not result in any material capital expenditure above and beyond that which would have been incurred to integrate the Company's systems. Navigant expects the new system to be in place Company-wide by the end of its 1999 fiscal year. Other significant software used in the Company's operations, such as its computerized reservation system, is provided by third-party vendors, who have represented that their software will be Year 2000 compliant.

EMPLOYEES

As of July 17, 1998, Navigant had approximately 2,400 full-time employees, none of which are subject to collective bargaining agreements. The Company believes that it enjoys good relations with its employees.

PROPERTIES

As of July 17, 1998, Navigant operated at 107 travel agency facilities, three of which are owned and 104 of which are leased. The following are material properties:

<TABLE>
<CAPTION>

LOCATION	APPROXIMATE SQUARE FOOTAGE	OWNED/ LEASED	EXPIRATION
<S>	<C>	<C>	<C>
Santa Ana, California.....	22,852	Leased	October 31, 1998
Alexandria, Virginia.....	6,000	Leased	December 13, 1998
New Orleans, Louisiana.....	2,521	Leased	August 31, 1998
Stamford, Connecticut.....	10,000	Owned	N/A
Seattle, Washington.....	18,500	Leased	July 31, 2001
Cambridge, Massachusetts.....	15,500	Leased	December 31, 2001
Englewood, Colorado.....	49,900	Owned	N/A
Grand Rapids, Michigan.....	29,142	Owned	N/A
Edina, Minnesota.....	12,600	Leased	May 31, 2003
Houston, Texas.....	6,247	Leased	December 31, 1998
Vancouver, British Columbia.....	6,684	Leased	May 31, 2001
Baltimore, Maryland.....	4,469	Leased	September 30, 2000

</TABLE>

The office building owned by Navigant and located at 84 Inverness Circle East, Englewood, Colorado is subject to first and second deeds of trust. The first deed of trust secures payment of a Promissory Note dated May 16, 1995 and payable to Colorado National Bank, in the principal amount of \$1,556,000. The second deed of trust secures payment of a Promissory Note dated June 20, 1995 and payable to Colorado National Bank, in the principal amount of \$225,000.

The portions of the office building owned by Navigant and located at 112 Prospect Street, Stamford, Connecticut are subject to a mortgage securing payment of a Promissory Note payable to First County Bank, in the principal amount of \$451,000.

Navigant is evaluating the possibility of entering into sale-leaseback transactions with respect to its owned properties in Stamford, Connecticut and Grand Rapids, Michigan.

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Navigant believes that its properties are adequate to support its operations for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS.

Navigant is involved in various legal actions arising in the ordinary course of business. Navigant believes that none of these actions will have a material adverse effect on its business, financial condition and results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock ("Common Stock") is quoted on the Nasdaq Stock Market National Market under the symbol "FLYR." The following table sets forth, for the period indicated, the range of high and low sales prices per share of Common Stock, as reported on the Nasdaq Stock Market National Market:

HIGH	LOW
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First Quarter (June 9, 1998 through July 17, 1998) \$9 1/4 6 1/8

At July 17, 1998, the last reported sale price of the Common Stock was \$8.00 per share, and the number of holders of record of the Common Stock was approximately 3,825.

The Company has not declared or paid dividends on its Common Stock since its formation, and the Company does not anticipate paying dividends in the foreseeable future. The decision whether to apply legally available funds to the payment of dividends on Navigant Common Stock will be made by the Board of Directors from time to time in the exercise of its business judgment, taking into account, among other things, Navigant's results of operations and financial condition, any then existing or proposed commitments by Navigant for the use of available funds, and Navigant's obligations with respect to the holders of any then outstanding indebtedness or preferred stock. Furthermore, Navigant's ability to pay dividends may be restricted from time to time by financial covenants in its credit agreements.

The Company's registration statement on Form S-1 (SEC File No. 333-46539) covering the Company's initial public offering (the "Offering") of 2,000,000 shares of Common Stock at \$9.00 per share, was declared effective on June 9, 1998. Smith Barney Inc., NationsBanc Montgomery Securities LLC and Raymond James and Associates, Inc. acted as representatives for the underwriters. The gross proceeds to the Company in the Offering were \$18,000,000 and the expenses incurred were as follows: (i) \$1,260,000 for the underwriters discount and non-accountable expense allowance; and (ii) approximately \$1,500,000 for other expenses, including legal, accounting and printing fees. The Company used the net proceeds in the Offering of approximately \$15,240,000 to repay a portion of the \$16,400,000 of indebtedness from NationsBank, N.A. (See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources") that was incurred at the time of the Travel Distribution to refinance intercompany indebtedness to U.S. Office Products.

During the fiscal year ended April 25, 1998, the Company has issued and sold unregistered securities as set forth below:

On February 13, 1998, 1,000 shares of Common Stock was issued to U.S. Office Products for the purchase price of \$1,000 in reliance upon an exemption from registration found in Section 4(2) of the Securities Act of 1933, as amended.

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ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA.

SELECTED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	Fiscal Year Ended		Four Months Ended April 30, 1996	Year Ended December 31,		
	April 25, 1998	April 26, 1997		1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF INCOME DATA:						
Revenues.....	\$120,424	\$57,677	\$18,009	\$45,267	\$34,569	\$32,838
Operating expenses.....	69,643	31,541	9,491	25,836	19,692	17,153
Gross profit.....	50,781	26,136	8,518	19,431	14,877	15,685
General and administrative expense.....	38,531	19,684	6,660	15,221	11,651	11,647
Amortization expense.....	2,353	548	128	342	221	197
Non-recurring restructuring and goodwill impairment costs.....	2,263	1,156				
Operating income.....	7,634	4,748	1,730	3,868	3,005	3,841
Interest expense.....	695	587	173	515	118	139
Interest income.....	(413)	(445)	(109)	(352)	(253)	(231)
Other (income) expense.....	(106)	118	20	42	48	55
Income before provision for income taxes.....	7,458	4,488	1,646	3,663	3,092	3,878
Provision for income taxes.....	4,081	1,145	255	565	18	97

Net income.....	\$ 3,377	\$ 3,343	\$ 1,391	\$ 3,098	\$ 3,074	\$ 3,781
Net income per share:						
Basic.....	\$ 0.28	\$ 0.37	\$ 0.18	\$ 0.52	\$ 0.67	\$ 0.85
Diluted.....	\$ 0.28	\$ 0.36	\$ 0.18	\$ 0.52	\$ 0.67	\$ 0.85
Weighted average common shares outstanding:						
Basic.....	11,956	9,003	7,750	5,906	4,556	4,426
Dilute.....	12,193	9,176	7,910	6,002	4,570	4,426

<TABLE>
<CAPTION>

	April 25, 1998	April 26, 1997	April 30, 1996	December 31, 1995	December 31, 1994	December 31, 1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance Sheet Data:						
Working capital.....	\$ 11,880	\$ 1,281	\$ 4,338	\$ 4,288	\$ 4,366	\$ 5,051
Total assets.....	138,752	29,339	25,692	25,258	14,602	15,487
Long-term debt, less current portion.....	2,430	2,012	6,366	8,160	3,455	3,909
Long-term payable to U.S.						
Office Products.....	12,668	787				
Stockholder's equity.....	102,039	13,483	11,221	9,187	7,736	7,914

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS.

INTRODUCTION

Navigant, which combines twelve regional corporate travel agencies, provides corporate travel management services and, to a more limited extent, other travel services, throughout the United States, in Canada and in the United Kingdom.

The Company's consolidated financial statements give retroactive effect to the four business combinations accounted for under the pooling-of-interests method during the period from January 1997 through April 1997 (the "Pooled Companies") and include the results of operations of the companies acquired in business combinations accounted for under the purchase method from their respective dates of acquisition. Prior to their respective dates of acquisition by U.S. Office Products, the Pooled Companies reported results on years ending on December 31. Upon acquisition by U.S. Office Products and effective for the fiscal year ended April 26, 1997 ("fiscal 1997"), the Pooled Companies changed their year-ends from December 31 to conform to U.S. Office Products' fiscal year, which ends on the last Saturday in April.

The Company generates revenues principally from (i) base and incentive override commissions on air travel tickets, (ii) fees for services rendered to customers and (iii) commissions on hotel reservations and car rentals. Air travel ticketing generates the largest portion of the Company's revenues. In the fiscal year ended April 25, 1998, the fiscal year ended April 26, 1997 and the calendar year ended December 31, 1995, air travel commissions, including both base commissions and incentive override commissions, accounted for approximately 64.9%, 73.1% and 78.9% respectively, of the Company's revenues.

The methods by which the airlines compensate travel agents have changed considerably in recent years and continue to be in flux. Historically, the airlines paid a percentage commission on ticket price for each domestic and international air travel ticket issued by a travel agent. Subsequent to 1995, most major United States airlines imposed commission caps of \$25 on domestic one-way air travel and \$50 on domestic round-trip tickets. Commissions on international tickets are not subject to a cap. In October 1997, the airlines reduced base commissions on tickets to approximately 8% of the ticket price. The reduction of base commissions has reduced the Company's gross revenue and gross margin below historical levels.

In response to the reductions in the commissions paid to travel agents, travel agents are in the process of changing their financial arrangements with their corporate customers either by implementing management contracts, in the case of middle market and larger customers, or by charging transaction fees. Under management contracts, the Company typically deducts its direct operating expenses, indirect overhead costs and a management fee from commission revenues collected for travel arrangements made on behalf of the customer. If the commission revenues exceed the amounts deducted, the Company may share a

negotiated amount of the excess with the customer. If the commission revenues do not cover the amounts deducted, the customer pays the difference to the Company. Fee income recognized under management contracts has historically been derived from commissions paid by the airlines. As a result, the Company does not prepare separate reports distinguishing payments under management contracts from air travel commission income. Management believes that the implementation of these measures will ultimately mitigate the negative impact that the commission reduction has had on gross revenue and gross margin.

After the airlines instituted the commission cap in 1995 and reduced base commissions in October 1997, travel agencies, including the Company, began charging transaction fees for some services to non-contract customers. The Company typically charges between \$10 and \$15 per ticket for tickets issued to customers that do not have a management contract with the Company.

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The remainder of Navigant's revenues derive largely from commissions on hotel reservations and car rentals. In accordance with industry practice, the Company receives a commission equal to approximately 10% of the hotel rate for each hotel reservation and 5% of the base rental car rate for each rental car reservation that it makes. Some of the Company's customers negotiate special hotel rates that do not produce commissions. In the fiscal year ended April 25, 1998, the fiscal year ended April 26, 1997 and the calendar year ended December 31, 1995, hotel and rental car commissions accounted for approximately 14.0%, 11.9% and 9.4% respectively, of Navigant's revenues.

As part of the Company's increased focus on operational matters, the Company expects to undertake cost reduction measures including the elimination of duplicative facilities, the consolidation of certain operating functions, and the deployment of common information systems. The implementation of the cost reduction measures may involve the incurrence by the Company of certain restructuring costs. However, at the present time, no formal plans to implement any restructuring have been developed. Once developed, any such plans will necessarily require review by the Company's senior management and the implementation of such plans would not be initiated prior to the receipt of proper authorization of the Company's Board of Directors. Based on the additional time and resources expected to be involved in the development, review and approval of any such restructuring plans, the Company cannot presently predict if a restructuring charge will be incurred and, if incurred, the timing or overall magnitude of such a charge.

The following discussion should be read in conjunction with the Company's consolidated financial statements and related notes thereto appearing elsewhere in this Annual Report.

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RESULTS OF OPERATIONS

The following table sets forth various items as a percentage of revenues for the fiscal years ended April 25, 1998 and April 26, 1997 and for the calendar year ended December 31, 1995.

	For the Fiscal Year Ended		For the Year Ended
	April 25, 1998	April 26, 1997	December 31, 1995
<S>	<C>	<C>	<C>
Revenues.....	100.0%	100.0%	100.0%
Operating Expenses.....	57.8	54.7	57.1
	-----	-----	-----
Gross profit.....	42.2	45.3	42.9
General and administrative expenses....	32.0	34.1	33.6
Amortization expense.....	2.0	1.0	0.8
Non-recurring costs.....	1.9	2.0	
	-----	-----	-----
Operating income.....	6.3	8.2	8.5
Interest expense, net.....	0.2	0.3	0.4
Other (income) expense.....	(0.1)	0.1	0.1
	-----	-----	-----
Income before provision for income taxes	6.2	7.8	8.0
Provision for income taxes.....	3.4	2.0	1.2
	-----	-----	-----
Net income.....	2.8%	5.8%	6.8%
	=====	=====	=====

</TABLE>

Fiscal Year Ended April 25, 1998, Compared to Fiscal Year Ended April 26, 1997

Consolidated revenues increased 108.8%, from \$57.7 million for the fiscal year ended April 26, 1997, to \$120.4 million for the fiscal year ended April 25, 1998. This increase was primarily due to the inclusion of the revenues from the seven companies acquired in business combinations accounted for under the purchase method during the fiscal year ended April 25, 1998 (the "Fiscal 1998 Purchased Companies"), from their respective dates of acquisition and to sales to new and existing customer accounts.

Gross profit increased 94.3%, from \$26.1 million, or 45.3% of revenues, for the fiscal year ended April 26, 1997 to \$50.8 million, or 42.2% of revenues, for the fiscal year ended April 25, 1998. The decrease in gross profit as a percentage of revenues was due primarily to the inclusion of the Fiscal 1998 Purchased Companies. The Fiscal 1998 Purchased Companies have lower gross margins as a percentage of revenue due to a lower proportion of revenues being derived from international air sales and to higher operating cost structures as a result of their geographic locations.

General and administrative expenses increased 95.7%, from \$19.7 million, or 34.1% of revenues, for the fiscal year ended April 26, 1997 to \$38.5 million, or 32.0% of revenues, for the fiscal year ended April 25, 1998. The decrease in general and administrative expenses as a percentage of revenues was due primarily to a reduction in executive compensation expense at the Pooled Companies. Prior to being acquired by the Company, many of the Pooled Companies were privately held corporations that paid compensation and bonuses substantially in the amount of their net income. Additionally, the fixed general and administrative expenses were spread over a larger revenue base.

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Amortization expense increased from \$548,000, or 1.0% of revenues, for the fiscal year ended April 25, 1997 to \$2.4 million, or 2.0% of revenues, for the fiscal year ended April 25, 1998. This increase is due exclusively to the increase in the number of purchase acquisitions included in the results for the fiscal year ended April 25, 1997 versus the fiscal year ended April 25, 1998.

The Company incurred non-recurring acquisition costs of \$1.2 million during the fiscal year ended April 26, 1997, in connection with the acquisition of the Pooled Companies. These non-recurring acquisitions costs included accounting, legal and investment banking fees, real estate and environmental assessments and appraisals and various regulatory fees. The Company incurred during the fiscal year ended April 25, 1998 non-recurring strategic restructuring costs of \$1.0 million in connection with the Travel Distribution as an allocation from U.S. Office Products and \$1.3 million from other operational restructuring costs and goodwill impairment activities. On March 13, 1998, the Company received 90 days notice of termination of a business relationship. The Company had provided travel administration services to this customer under a five-year agreement based on a fee per transaction basis, with all commissions being remitted back to this customer. During the fiscal year ended April 25, 1998, this relationship contributed approximately \$600,000 to net operating income. During March 1998, the Company wrote-off \$613,000 in intangible assets relating to the original acquisition of this contract. In addition to this charge, the Company took an additional charge in April 1998 of approximately \$650,000 associated with the disposition of certain equipment, severance charges and other costs associated with a change in operational strategy to a centralized management structure at one of its locations. This switch to a centralized management structure from a regional structure at this location is consistent with the existing structure at the other regional travel agencies acquired.

Provision for income taxes increased from \$1.1 million for the fiscal year ended April 26, 1997 to \$4.1 million for the fiscal year ended April 25, 1998, reflecting effective income tax rates of 25.5% and 54.7%, respectively. The low effective income tax rate for the fiscal year ended April 26, 1997, compared to the federal statutory rate of 35.0%, was primarily due to the fact that several of the companies included in the results of such period, which were acquired in business combinations accounted for under the pooling-of-interests method, were not subject to federal income taxes on a corporate level as they had elected to be treated as subchapter S corporations prior to being acquired by the Company ("Subchapter S Companies"). The high effective income tax rate for the fiscal year ended April 25, 1998 was due primarily to certain of the Pooled Companies no longer being treated as subchapter S corporations and, therefore, being subject to federal income taxes and due to an increase in nondeductible goodwill amortization resulting from the acquisitions of the Fiscal 1998 Purchased Companies.

Fiscal Year Ended April 26, 1997 Compared to Calendar Year Ended December 31, 1995

Consolidated revenues increased 27.4%, from \$45.3 million in 1995, to

\$57.7 million in fiscal 1997. This increase was due primarily to the inclusion of revenues from a company acquired by one of the Pooled Companies during 1995 in a business combination accounted for under the purchase method (the "1995 Purchased Company") for all of fiscal 1997 and only a portion of 1995.

Gross profit increased 34.5%, from \$19.4 million, or 42.9% of revenues, in 1995 to \$26.1 million, or 45.3% of revenues, in fiscal 1997. The increase in gross profit as a percentage of revenues was due primarily to a shift in the mix of revenues to higher margin services such as international air sales and tours and cruise sales.

General and administrative expenses increased 24.3%, from \$15.2 million, or 33.6% of revenues, in 1995 to \$19.7 million, or 34.1% of revenues, in fiscal 1997. The increase in general and administrative expenses as a percentage of revenues was primarily due to the inclusion, for all of fiscal 1997 and a portion of 1995, of the 1995 Purchased Company, which had higher general and administrative expenses as a percentage of revenues.

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The Company incurred non-recurring acquisition costs of \$1.2 million in fiscal 1997, in connection with the acquisition of the Pooled Companies. These non-recurring acquisitions costs included accounting, legal and investment banking fees, real estate and environmental assessments and appraisals and various regulatory fees.

Provision for income taxes increased from \$565,000 in 1995 to \$1.1 million in fiscal 1997, reflecting effective income tax rates of 15.4% and 25.5%, respectively. The low effective income tax rates in 1995 and fiscal 1997, compared to the federal statutory rate of 35.0%, was primarily due to the fact that several of the companies included in the results of such periods, which were acquired in business combinations accounted for under the pooling-of-interests method, were Subchapter S Companies. The difference in the effective tax rate between the two periods was attributable principally to differences in the relative operating performance in such periods of such Subchapter S Companies and companies subject to federal income taxes on a corporate level.

LIQUIDITY AND CAPITAL RESOURCES

At April 25, 1998, the Company had cash of \$8.2 million and working capital of \$11.9 million. The Company's capitalization, defined as the sum of long-term debt, long-term payable to U.S. Office Products and stockholder's equity, at April 25, 1998 was approximately \$117.1 million. On a pro forma basis, giving effect to the distribution, at April 25, 1998 the Company had working capital of \$3.5 million and capitalization of \$110.7 million. The decreases in pro forma working capital and capitalization are a result of pro forma adjustments reflecting the Company's (i) using its cash to pay a long-term payable to U.S. Office Products and (ii) assuming certain liabilities in connection with the Distribution Agreement.

During the fiscal year ended April 25, 1998, net cash provided by operating activities was \$2.3 million. Net cash used in investing activities was \$1.6 million, including \$2.9 million for additions to property and equipment, such as computer equipment and office furniture, and \$600,000 to pay non-recurring acquisition costs, partially offset by \$1.4 million of cash acquired with the Fiscal 1998 Purchased Companies. Net cash provided by financing activities was \$500,000, consisting of \$8.2 million for the repayment of indebtedness, partially offset by advances to the Company of \$8.6 million from U.S. Office Products.

During the fiscal year ended April 26, 1997, net cash provided by operating activities was \$6.5 million. Net cash used in investing activities was \$3.1 million, including \$1.8 million for an acquisition, \$769,000 for additions to property and equipment, such as computer equipment and office furniture, and \$539,000 to pay non-recurring acquisition costs. Net cash used in financing activities was \$2.1 million, including \$4.6 million for the repayment of indebtedness and \$3.0 million for the payment of dividends, partially offset by advances to the Company of \$5.0 million from U.S. Office Products.

During 1995, net cash provided by operating activities was \$4.2 million. Net cash provided by investing activities was \$561,000, including \$2.3 million of cash received in conjunction with a purchase acquisition partially offset by \$1.9 million paid for additions to property and equipment, such as computer equipment and office furniture. Net cash used in financing activities was \$3.1 million, including \$1.5 million for the repayment of indebtedness and \$2.4 million for the payment of dividends, partially offset by proceeds from the sale of \$800,000 of common stock of one of the Pooled Companies.

The Company's Offering of 2,000,000 shares of Common Stock at \$9.00 per share, was declared effective on June 9, 1998. The gross proceeds to the Company in the Offering were \$18,000,000 and the expenses incurred were as follows: (i) \$1,260,000 for the underwriters discount and non-accountable

expense allowance; and (ii) approximately \$1,500,000 for other expenses, including legal, accounting and printing fees.

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In June 1998, the Company obtained a secured \$60.0 million revolving credit facility from NationsBank, N.A. as Administrative Agent. The credit facility was subsequently increased to \$75.0 million. The facility has been used to pay off approximately \$16.4 million of U.S. Office Products' debt that was allocated to the Company pursuant to the Distribution Agreement. The balance of the credit facility will be available for working capital, capital expenditures and acquisitions, subject to compliance with the applicable covenants. NationsBank Montgomery Securities LLC, one of the Underwriters and an affiliate of NationsBank, N.A., is the Arranger and Syndication Agent. The net proceeds from the Offering were then used to repay a portion of the approximately \$16.4 million the Company borrowed under the credit facility. As of July 17, 1998, the entire credit facility was available for the Company's borrowing needs. The credit facility will terminate five years from the effective date of the credit facility. Interest on borrowings under the credit facility will accrue at a rate of, at the Company's option, either (i) LIBOR plus a margin of between 1.00% and 2.00%, depending on the Company's funded debt to EBITDA ratio, or (ii) the Alternative Base Rate (defined as the higher of (x) the NationsBank, N.A. prime rate and (y) the Federal Funds rate plus .50%) plus a margin of between 0% and .75%, depending on the Company's funded debt to EBITDA ratio. Indebtedness under the credit facility will be secured by substantially all of the assets of the Company. The credit facility is subject to terms and conditions typical of facilities of such size and includes certain financial covenants.

FLUCTUATIONS IN QUARTERLY RESULTS OF OPERATIONS

The domestic and international travel industry is extremely seasonal. The results of the Company have fluctuated because of seasonal variations in the travel industry, especially the leisure travel segment. Net revenues and net income for the Company are generally higher in the second and third calendar quarters. The Company expects this seasonality to continue in the future. The Company's quarterly results of operations may also be subject to fluctuations as a result of fare wars by travel suppliers, changes in relationships with certain travel suppliers, changes in the mix of services offered by the Company, extreme weather conditions or other factors affecting travel. Unexpected variations in quarterly results could also adversely affect the price of the Company common stock, which in turn could limit the ability of the Company to make acquisitions.

As the Company continues to complete acquisitions, it may become subject to additional seasonal influences. Quarterly results also may be materially affected by the timing of acquisitions, the timing and magnitude of costs related to such acquisitions, variations in the prices paid by the Company for the products it sells, the mix of products sold and general economic conditions. Moreover, the operating margins of companies acquired may differ substantially from those of the Company, which could contribute to the further fluctuation in its quarterly operating results. Therefore, results for any quarter are not necessarily indicative of the results that the Company may achieve for any subsequent fiscal quarter or for a full fiscal year.

INFLATION

The Company does not believe that inflation has had a material impact on its results of operations.

NEW ACCOUNTING PRONOUNCEMENTS

Reporting Comprehensive Income. In June 1997, FASB issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains, and losses) in a full set of general-purpose financial statements. SFAS No. 130 requires that all items required to be recognized under accounting standards as components of comprehensive

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income be reported in a financial statement that is displayed with the same prominence as other financial statements. SFAS No. 130 is effective for fiscal years beginning after December 15, 1997. Reclassification of financial statements for earlier periods provided for comparative purposes is required. The Company intends to adopt SFAS No. 130 in fiscal 1999. Implementation of this disclosure standard will not affect the Company's financial position or results of operations.

Disclosures about Segments of an Enterprise and Related Information. In June 1997, the FASB issued SFAS No. 131, "Disclosure about Segments of an

Enterprise and Related Information." SFAS No. 131 establishes standards for reporting information about operating segments in annual and interim financial statements. Operating segments are determined consistent with the way management organizes and evaluates financial information internally for making decisions and assessing performance. It also requires related disclosures about products, geographic areas, and major customers. SFAS 131 is effective for fiscal years beginning after December 15, 1997. The Company intends to adopt SFAS 131 in fiscal 1999. Implementation of this disclosure standard will not affect the Company's financial position or results of operations.

RISK FACTORS

This Annual Report contains forward-looking statements. Discussions containing such forward-looking statements may be found in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," Items 1 and 2. "Business and Properties" and Item 5. "Market for Registrant's Common Equity and Related Stockholder Matters," as well as in this Annual Report generally. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual events or results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, the risk factors set forth below and the matters set forth in this Annual Report generally.

Risks Related to Revenue, Customer Fees and Airline Commissions

Navigant derives the major portion of its revenues from commissions paid by airlines. Since 1995, most airlines have substantially reduced the amount of commissions paid to travel agents for booking domestic flights. The airlines have both capped the total commissions paid per ticket and reduced the commission rates per ticket payable to travel agents. See "Risk Factors - Management's Discussion and Analysis of Financial Condition and Results of Operations of Navigant - Introduction" in Item 7. There can be no assurance that the airlines will not further reduce commissions.

In response to reductions in the commissions paid to travel agents and consistent with growing industry practice, Navigant has entered into management contracts with many of its corporate customers. Under these contracts, Navigant typically deducts its direct operating expenses, indirect overhead costs and a management fee from commission revenues collected for travel arrangements made on behalf of the customer. If the commission revenues collected exceed the amounts deducted, Navigant may share a negotiated amount of the excess with the customer. If the commission revenues do not cover the amounts deducted, the customer pays the difference to Navigant. See Items 1. and 2. "Business - Revenue Sources." In addition, Navigant typically charges a fee for each ticket and other transactions to customers who do not have a management contract with Navigant. There can be no assurance that Navigant will be able to maintain or continue to negotiate management contracts or continue to receive current levels of revenues from those contracts, or that Navigant will be able to charge transaction fees or maintain the level of such fees.

Navigant also derives part of its revenues from incentive override commissions paid by the major airlines. See "Introduction" in Item 7. If, during any period, Navigant fails to meet incentive levels, revenues could decrease. There can also be no assurance that the airlines will not reduce or terminate incentive

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override commissions or that Navigant will be able to extend its current incentive override commission arrangements or enter into new arrangements that are as favorable as Navigant's current arrangements.

Substantial Competition and Industry Consolidation; New Methods of Distribution

The corporate travel management industry is extremely competitive and has relatively low barriers to entry. Navigant competes primarily with travel agencies and other distributors of travel services, some of which are larger and have greater brand name recognition and financial resources than Navigant. Competition within the corporate travel agency industry is increasing as the industry undergoes a period of consolidation and certain of Navigant's competitors are expanding their size and financial resources through consolidation. Certain agencies and distributors may have relationships with certain travel suppliers which give them access to favorable availability of products (including airplane seats and hotel rooms) or more competitive pricing than that offered by Navigant. Furthermore, some travel agents have a strong presence in particular geographic areas which may make it difficult for Navigant to attract customers in those areas. As a result of competitive pressures, Navigant may suffer a loss of customers and its revenues or margins may decline.

Navigant also competes with travel suppliers, including airlines, hotels and rental car companies. Innovations in technology such as the Internet and

computer on-line services have increased the ability of travel suppliers to distribute their travel products and services directly to consumers. Although travel agencies remain the primary channel for travel distribution, businesses and consumers can now use the Internet to access information about travel products and services and to purchase such products and services directly from the suppliers, thereby bypassing travel agents. Navigant believes that no single Internet-based service presently provides access to the full range of information available to Navigant and its agents. There can be no assurances, however, that an Internet-based travel service will not provide such access in the future. In addition, although Navigant believes the service, knowledge and skills of its employees and its incorporation of new, alternative distribution channels position it to compete effectively in the changing industry, there can be no assurance that Navigant will compete successfully or that the failure to compete successfully will not have a material adverse effect on the financial condition and results of operations of Navigant.

Risk of Rapid Growth; Absence of History as a Stand-Alone Company

Navigant was formed through the consolidation by U.S. Office Products of twelve separate corporate travel agency companies and expects to continue to grow in part through acquisitions. All twelve companies have been acquired since January 1997. The rapid pace of acquisitions has, and will continue to, put pressure on Navigant's executive management, personnel and corporate support systems. Any inadequacy of such systems to manage the increased size and scope of operations resulting from growth could adversely affect Navigant's operations, business and financial results and condition.

Prior to the Travel Distribution, certain general and administrative functions relating to Navigant's business (including some legal and accounting services) were handled by U.S. Office Products. Navigant's future performance will depend on its ability to function as a stand-alone entity, and on its ability to finance and manage expanding operations and to adapt its information systems to changes in its business. As a result, certain of Navigant's expenses are likely to be higher than when it was a part of U.S. Office Products, and Navigant may experience disruptions it would not encounter as a part of U.S. Office Products. Furthermore, the financial information included herein may not necessarily reflect what the results of operations and financial condition would have been had Navigant been a separate, stand-alone entity during the periods presented or be indicative of future results of operations and financial condition of Navigant.

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Dependence on Travel Suppliers

Navigant is dependent upon travel suppliers for access to their products and services (including airplane seats and hotel rooms). Certain travel suppliers offer Navigant pricing that is preferential to published fares, enabling Navigant to offer prices lower than would be generally available to travelers and other travel agents. Travel suppliers can generally cancel or modify their agreements with Navigant upon relatively short notice. The loss of contracts, changes in Navigant's pricing agreements, commission schedules or incentive override commission arrangements, or more restricted access to travel suppliers' products and services could have a material adverse effect on Navigant's business, financial condition and results of operations.

Dependence Upon Technology

Navigant's business is dependent upon a number of different information and telecommunications technologies to access information and manage a high volume of inbound and outbound telephone calls. Any failure of this technology could have a material adverse effect on Navigant's business, financial condition and results of operations. In addition, Navigant's ability to quote air travel ticket prices, make reservations and sell tickets is dependent upon its contractual right to use, and the performance of, computer reservation systems operated by SABRE, Galileo/Apollo and Worldspan. Any technical failures of these systems or restrictions on Navigant's access to these systems could have a material adverse effect on Navigant's business, financial condition and results of operations.

Risks Associated with the Business Travel Industry; General Economic Conditions

Navigant's results of operations will depend upon factors affecting the business travel industry generally. Navigant's revenues and earnings are especially sensitive to events that affect domestic and international air travel, and the level of car rentals and hotel reservations. A number of factors, including recession or slower economic growth, rising travel costs, extreme weather conditions, and concerns about passenger safety could result in a temporary or longer-term overall decline in demand for business travel. Advances in technology and communications, such as videoconferencing and Internet-based teleconferencing, may also adversely impact travel patterns and travel demand. Navigant believes that price-based competition will continue in the airline industry for the foreseeable future. The continuation of such

competition and the occurrence of any of the events described above could have a material adverse effect on Navigant's business, financial condition and results of operations.

Risks Related to Integration of Operations and Acquisitions

One of Navigant's strategies is to increase operating margins by consolidating and integrating certain administrative functions common to all of its operating subsidiaries. Such integration will require substantial attention from senior management and may also require substantial capital expenditures. The integration of operations may disrupt the operations of Navigant and the operating subsidiaries, as management attention is diverted from other tasks, and as technological, practical or personnel issues arise. There can be no assurance that the integration and consolidation will be completed, or that, if completed, Navigant will recognize economic benefit.

Currently, Navigant and each of its subsidiaries operate on separate computer and telephone systems, several of which use different technologies. Navigant expects that it will integrate these systems, but it has not yet established a definitive timetable for integration of all of such systems or its definitive capital needs for such integration. There can be no assurance that the contemplated integration of these systems will be successful, will be completed without disruption to Navigant's business or will result in the intended cost efficiencies. In addition, rapid changes in technologies may require capital expenditures to improve or upgrade customer service.

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Integration of acquisitions may also involve a number of special risks, including adverse short-term effects on its reported operating results (including those caused by severance payments to employees of acquired companies, restructuring charges associated with the acquisitions and other expenses associated with a change of control, as well as non-recurring acquisition costs including accounting and legal fees, investment banking fees, recognition of transaction-related obligations and various other acquisition-related costs); diversion of management's attention; difficulties with retention, hiring and training of key personnel; risks associated with unanticipated problems or legal liabilities; and amortization of acquired intangible assets, including goodwill. Furthermore, although Navigant conducts due diligence and generally requires representations, warranties and indemnifications from the former owners of acquired companies, there can be no assurance that such owners will have accurately represented the financial and operating conditions of their companies. If an acquired company's financial or operating results were misrepresented, the acquisition could have a material adverse effect on the results of operations and financial condition of Navigant.

Potential Liability for Taxes Related to the Distributions

In connection with the Distributions, U.S. Office Products entered into the Tax Allocation Agreement with Navigant and the other Spin-Off Companies, which provides that the Spin-Off Companies will jointly and severally indemnify U.S. Office Products for any losses associated with taxes related to the Distributions ("Distribution Taxes") if an action or omission (an "Adverse Tax Act") of any of the Spin-Off Companies materially contributes to a final determination that any or all of the Distributions are taxable. Navigant also entered into the Tax Indemnification Agreement with the other Spin-Off Companies under which the Spin-Off Company that is responsible for the Adverse Tax Act shall indemnify the other Spin-Off Companies for any liability to indemnify U.S. Office Products under the Tax Allocation Agreement. As a consequence, Navigant is liable for any Distribution Taxes resulting from any Adverse Tax Act by Navigant and liable (subject to indemnification by the other Spin-Off Companies) for any Distribution Taxes resulting from an Adverse Tax Act by the other Spin-Off Companies. If there is a final determination that any or all of the Distributions are taxable and it is determined that there has not been an Adverse Tax Act by either U.S. Office Products or any of the Spin-Off Companies, U.S. Office Products and each of the Spin-Off Companies will be liable for its pro rata portion of the Distribution Taxes based on the value of each company's common stock after the Distributions. As a result, Navigant could become liable for a pro rata portion of any Distribution Taxes with respect to not only the Travel Distribution but also any of the other Distributions.

Risks Related to Allocation of Certain Liabilities

Under the Distribution Agreement, Navigant will be liable for (i) any liabilities arising out of or in connection with the business conducted by it or its subsidiaries, (ii) its liabilities under the Employee Benefits Agreement, Tax Allocation Agreement and related agreements, (iii) liabilities under the securities laws relating to the Prospectus relating to the Offering and portions of the Information Statement/Prospectus distributed to stockholders of U.S. Office Products in connection with the Travel Distribution, as well as other securities law liabilities related to the Navigant business that arise from information supplied to U.S. Office Products (or that should have been supplied, but was not) by Navigant, (iv) U.S. Office Products' liabilities for earn-outs

from acquisitions in respect of Navigant and its subsidiaries, and (v) Navigant's costs and expenses related to the Offering and its bank financing. Each of the other Spin-Off Companies will be similarly obligated to U.S. Office Products. Navigant and the other Spin-Off Companies have also agreed to bear a pro rata portion of U.S. Office Products' liabilities under the securities laws (other than claims relating solely to a specific Spin-Off Company or relating specifically to the continuing businesses of U.S. Office Products) and U.S. Office Products' general corporate liabilities (other than debt, except for that specifically allocated to the Spin-Off Companies) incurred prior to the Distribution Date (i.e., liabilities not related to the conduct of a particular distributed or retained subsidiary's business) (the "Shared Liabilities"). If one of the Spin-Off Companies defaults on an obligation owed to U.S. Office Products, the non-defaulting Spin-Off Companies will be obligated on a pro rata basis to pay such obligation ("Default Liability").

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As a result of the Shared Liabilities and Default Liability, Navigant could be obligated to U.S. Office Products in respect of obligations and liabilities not related to its business or operations and over which neither it nor its management has or has had any control or responsibility. The aggregate of the Shared Liabilities and Default Liability for which any Spin-Off Company may be liable is, however, limited to \$1.75 million.

Dependence Upon Acquisitions for Future Growth

One of Navigant's strategies is to increase its revenues and the markets it serves through the acquisition of additional corporate travel businesses. There can be no assurance that suitable candidates for acquisitions can be identified or, if suitable candidates are identified, that acquisitions can be completed on acceptable terms. See "Risk Factors - Risk Related to Acquisition Financing; Additional Dilution" in Item 7. In addition, prior to the Travel Distribution, Navigant's acquisitions were completed with substantial business, legal and accounting assistance from U.S. Office Products and most of the acquisitions were paid for with common stock of U.S. Office Products. Furthermore, Navigant's ability to pay for acquisitions with stock may be materially limited in the two-year period following the Travel Distribution. See "Risk Factors - Possible Limitations on Issuances of Common Stock" in Item 7. The pace of Navigant's acquisition program may be adversely affected by the absence of U.S. Office Products support for the acquisitions and Navigant's limited ability to issue Navigant Common Stock.

Navigant's acquisition of corporate travel businesses outside the United States may subject it to certain risks inherent in conducting business internationally, including fluctuations in currency exchange rates. Changes in exchange rates could have a significant effect on Navigant's business, financial condition and results of operations.

Risks Related to Acquisition Financing; Additional Dilution

Navigant currently intends to finance its future acquisitions by using shares of Navigant Common Stock, cash, borrowed funds or a combination thereof. If Navigant Common Stock does not maintain a sufficient market value, if the price of Navigant Common Stock is highly volatile or if potential acquisition candidates are otherwise unwilling to accept Navigant Common Stock as part of the consideration for the sale of their businesses, Navigant may be required to use more of its cash resources or more borrowed funds, in order to initiate and maintain its acquisition program. See "Risk Factors - Possible Limitations on Issuances of Common Stock" in Item 7. If Navigant does not have sufficient cash resources, its growth could be limited unless it is able to obtain additional capital through debt or equity financings.

Navigant will have 150,000,000 authorized shares of Navigant Common Stock, a portion of which could be available (subject to the rules and regulations of federal and state securities laws, applicable limits under U.S. federal income tax laws and rules, and rules of the Nasdaq Stock Market) to finance acquisitions without obtaining stockholder approval for such issuance. See "Risk Factors - Possible Limitations on Issuances of Common Stock" in Item 7. Existing stockholders may suffer dilution if Navigant uses Navigant Common Stock as consideration for future acquisitions. Moreover, the issuance of additional shares of Navigant Common Stock may negatively impact earnings per share and the market price of Navigant Common Stock.

Reliance on Key Personnel

Navigant's operations depend on the continued efforts of Edward S. Adams, its President and Chief Executive Officer, Robert C. Griffith, its Chief Financial Officer and Treasurer, its other executive officers and the senior management of its subsidiaries. Furthermore, Navigant's operations will likely depend on the senior management of the companies that may be acquired in the future. If any

of these people become unable to continue in his or her present role, or if Navigant is unable to attract and retain other skilled employees, its business could be adversely affected.

Potential Volatility of Stock Price

The trading price of the Navigant Common Stock could be subject to wide fluctuations in response to variations in Navigant's quarterly operating results, changes in earnings estimates by analysts, conditions in Navigant's businesses, general market or economic conditions or other factors. In addition, in recent years the stock market has experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on the market prices for many companies, often unrelated to the operating performance of the specific companies. Such market fluctuations could have a material adverse effect on the market price of Navigant Common Stock.

Material Amount of Goodwill

As of April 25, 1998, approximately \$87.2 million, or 62.9%, of Navigant's total assets and 85.5% of Navigant's stockholder's equity represent intangible assets, the significant majority of which is goodwill. Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations accounted for under the purchase method. Navigant amortizes goodwill on a straight line method over a period of 35 years with the amount amortized in a particular period constituting a non-cash expense that reduces Navigant's net income. Amortization of goodwill resulting from certain past acquisitions, and additional goodwill recorded in certain future acquisitions may not be deductible for tax purposes.

In addition, Navigant will be required to periodically evaluate the recoverability of goodwill by reviewing the anticipated undiscounted future cash flows from the operations of the acquired companies and comparing such cash flows to the carrying value of the associated goodwill. If management determines that goodwill has become impaired in later years, earnings in such years will be significantly adversely affected. A reduction in net income resulting from the amortization or write down of goodwill would currently affect financial results and could have a material and adverse impact upon the market price of Navigant Common Stock. Navigant believes that anticipated cash flows associated with intangible assets recognized in the acquisitions completed during the fiscal year ended April 25, 1998 will continue over the period during which the associated goodwill will be amortized, and there is no persuasive evidence that any material portion will dissipate during such period.

Risks Related to Inability to Use Pooling-of-Interests Method to Account for Future Acquisitions

Generally accepted accounting principles require that an entity be autonomous for a period of two years before it is eligible to complete business combinations under the pooling-of-interests method. Navigant will be unable to satisfy this criterion for a period of two years following the Travel Distribution. Therefore, Navigant will be precluded from completing business combinations under the pooling-of-interests method for a period of two years and any business combinations completed by Navigant during such period will be accounted for under the purchase method resulting in the recording of goodwill. The amortization of the goodwill will reduce net income reported by the Company below that which would have been reported if the pooling-of-interests method had been used by the Company. See "Risk Factors - Material Amount of Goodwill" in Item 7.

Possible Limitations on Issuances of Common Stock

Section 355(e) of the Internal Revenue Code of 1986, as amended (the "Code"), which was added in 1997, generally provides that a company that distributes shares of a subsidiary in a spin-off that is otherwise tax-free will incur U.S. federal income tax liability if 50% or more, by vote or value, of the capital stock of either the company making the distribution or the spun-off subsidiary is acquired

by one or more persons acting pursuant to a plan or series of related transactions that includes the spin-off. Stock acquired by certain related persons is aggregated in determining whether the 50% test is met. There is a presumption that any acquisition occurring two years before or after the spin-off is pursuant to a plan that includes the spin-off. However, the presumption may be rebutted by establishing that the spin-off and such acquisition are not part of a plan or series of related transactions. As a result of the provisions of Section 355(e), there can be no assurance that issuances of stock by Navigant, including issuances in connection with an acquisition of another

business by Navigant, will not create a tax liability for U.S. Office Products.

The pace of Navigant's acquisitions and its ability to issue capital stock for other purposes, including equity offerings, could be adversely affected by this limitation.

Seasonality and Quarterly Fluctuations

The domestic and international travel industry is extremely seasonal. The results of Navigant have fluctuated because of seasonal variations in the travel industry. Net revenues and net income for Navigant are generally higher in the second and third calendar quarters. Navigant expects this seasonality to continue in the future. Navigant's quarterly results of operations may also be subject to fluctuations as a result of the timing and cost of acquisitions, fare wars by travel suppliers, changes in relationships with certain travel suppliers, changes in the mix of services offered by Navigant, the timing of the payment of incentive override commissions by travel suppliers, extreme weather conditions or other factors affecting travel. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Factors - Fluctuations in Quarterly Results of Operations."

Dependence on ARC Agreements

Navigant depends on the ability to sell airline tickets for a substantial portion of its revenue. To sell airline tickets, Navigant must enter into, and maintain, an Agent Reporting Agreement with ARC. The Agent Reporting Agreement imposes numerous financial, operational, and administrative obligations on Navigant. The agreement allows ARC to cancel an Agent Reporting Agreement for failure to meet any of these obligations. If Navigant's Agent Reporting Agreement is cancelled by ARC, Navigant would be unable to sell airline tickets and its results of operations would be materially adversely affected.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholder of
Navigant International, Inc.

In our opinion, based upon our audits and the report of other auditors, the accompanying consolidated balance sheet and the related consolidated statements of income, of stockholder's equity and of cash flows present fairly, in all material respects, the financial position of Navigant International, Inc. (the "Company") and its subsidiaries at April 25, 1998 and April 26, 1997, and the results of their operations and their cash flows for the fiscal years ended April 25, 1998 and April 26, 1997, the four months ended April 30, 1996, and the year ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of MTA, Inc., a wholly-owned subsidiary, which statements reflect total revenues of \$11,418,751 for the period from January 25, 1995 (date of incorporation) to December 31, 1995. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for MTA, Inc., is based solely on the report of the other auditors. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP
Denver, Colorado
June 12, 1998

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
MTA, Inc.

We have audited the consolidated balance sheet of MTA, Inc. as of December 31, 1995 and the related consolidated statements of income and retained earnings

and of cash flows for the period from January 25, 1995 (date of incorporation) to December 31, 1995 (not presented separately herein). These financial statements are the responsibility of MTA, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MTA, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the period from January 25, 1995 (date of incorporation) to December 31, 1995, in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Seattle, Washington

September 23, 1996

NAVIGANT INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEET
(IN THOUSANDS)

<TABLE>
<CAPTION>

	April 25, 1998	April 26, 1997
	-----	-----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 8,217	\$ 6,952
Accounts receivable, less allowance for doubtful accounts of \$377 and \$271, respectively.....	21,286	5,965
Prepaid expenses and other current assets.....	2,207	775
Short-term receivable from U.S. Office Products.....	592	
	-----	-----
Total current assets.....	32,302	13,692
Property and equipment, net.....	18,358	7,954
Intangible assets, net.....	87,240	7,112
Other assets.....	852	581
	-----	-----
Total assets.....	\$ 138,752	\$ 29,339
	=====	=====
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Short-term debt.....	\$ 494	\$ 456
Short-term payable to U.S. Office Products.....		4,221
Accounts payable.....	4,805	3,226
Accrued compensation.....	3,413	1,085
Other accrued liabilities.....	11,710	3,423
	-----	-----
Total current liabilities.....	20,422	12,411
Long-term debt.....	2,430	2,012
Long-term payable to U.S. Office Products.....	12,668	787
Deferred income taxes.....	74	196
Other long-term liabilities.....	1,119	450
	-----	-----
Total liabilities.....	36,713	15,856
Commitments and contingencies		
Stockholder's equity:		
Divisional equity.....	95,595	10,320
Cumulative translation adjustment.....	(96)	
Retained earnings.....	6,540	3,163
	-----	-----
Total stockholder's equity.....	102,039	13,483
	-----	-----
Total liabilities and stockholder's equity.....	\$138,752	\$29,339

</TABLE>

See accompanying notes to consolidated financial statements.

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NAVIGANT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF INCOME
(IN THOUSANDS)

<TABLE>
<CAPTION>

	For the Fiscal Year Ended		For the Four	For the Year Ended
	April 25, 1998	April 26, 1997	Months Ended	December 31, 1995
	-----	-----	April 30, 1996	-----
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$ 120,424	\$ 57,677	\$ 18,009	\$ 45,267
Operating expenses.....	69,643	31,541	9,491	25,836
	-----	-----	-----	-----
Gross profit.....	50,781	26,136	8,518	19,431
General and administrative expenses.....	38,531	19,684	6,660	15,221
Amortization expense.....	2,353	548	128	342
Strategic restructuring costs.....	1,000			
Restructuring costs.....	650			
Goodwill impairment.....	613			
Non-recurring acquisition costs.....		1,156		
	-----	-----	-----	-----
Operating income.....	7,634	4,748	1,730	3,868
Other (income) expenses:				
Interest expense.....	695	587	173	515
Interest income.....	(413)	(445)	(109)	(352)
Other.....	(106)	118	20	42
	-----	-----	-----	-----
Income before provision for income taxes..	7,458	4,488	1,646	3,663
Provision for income taxes.....	4,081	1,145	255	565
	-----	-----	-----	-----
Net income.....	\$ 3,377	\$ 3,343	\$ 1,391	\$ 3,098
	=====	=====	=====	=====
Weighted average of common shares outstanding:				
Basic.....	11,956	9,003	7,750	5,906
Diluted.....	12,193	9,176	7,910	6,002
Net income per share:.....				
Basic.....	\$ 0.28	\$ 0.37	\$ 0.18	\$ 0.52
Diluted.....	\$ 0.28	\$ 0.36	\$ 0.18	\$ 0.52

</TABLE>

See accompanying notes to consolidated financial statements.

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NAVIGANT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
(IN THOUSANDS)

<TABLE>
<CAPTION>

	Divisional	Cumulative	Retained	Total
	Equity	Translation	Earnings	Stockholder's
	-----	Adjustment	-----	Equity
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 1994.....	\$ 1,668	\$	\$ 6,068	\$ 7,736
Transactions of Pooled Companies:				
Issuance of Pooled Company common stock for cash..	800			800
Cash dividends.....			(2,447)	(2,447)
Net income.....			3,098	3,098
	-----	-----	-----	-----

Balance at December 31, 1995.....	2,468		6,719	9,187
Transactions of Pooled Companies:				
Issuance of Pooled Company common stock for cash..	1,625			1,625
Cash dividends.....			(982)	(982)
Net income.....			1,391	1,391
	-----	-----	-----	-----
Balance at April 30, 1996.....	4,093		7,128	11,221
Transactions of Pooled Companies:				
Issuance of Pooled Company common stock for cash..	142			142
Capital contribution.....	43			43
Cash dividends.....			(3,038)	(3,038)
Discontinuance of subchapter S corporation election.....	4,270		(4,270)	
Issuance of U.S. Office Products common stock for repayment of debt.....	1,772			1,772
Net income.....			3,343	3,343
	-----	-----	-----	-----
Balance of April 26, 1997.....	10,320		3,163	13,483
Issuance of U.S. Office Products common stock in conjunction with acquisitions.....	83,780			83,780
Capital contribution by U.S. Office Products.....	1,495			1,495
Cumulative translation adjustment.....		(96)		(96)
Net income.....			3,377	3,377
	-----	-----	-----	-----
Balance at April 25, 1998.....	\$95,595	\$ (96)	\$ 6,540	\$102,039
	=====	=====	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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NAVIGANT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

<TABLE>

<CAPTION>

	FOR THE FISCAL YEAR ENDED		For the Four	For the
	APRIL 25, 1998	April 26, 1997	Months Ended April 30, 1996	Year Ended December 31, 1995
	----	----	----	-----
Cash flows from operating activities:				
<S> Net income.....	<C> \$ 3,377	<C> \$ 3,343	<C> \$ 1,391	<C> \$ 3,098
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expense.....	4,512	1,660	452	986
Non-recurring costs.....	1,263	1,156		
Other.....	(13)	6	(27)	137
Changes in current assets and liabilities (net of assets acquired and liabilities assumed in business combinations accounted for under the purchase method):				
Accounts receivable.....	(4,407)	(106)	(361)	679
Prepaid expenses and other current assets.....	(320)	6	(43)	46
Accounts payable.....	(2,119)	755	453	124
Accrued liabilities.....	52	(323)	(985)	(909)
	-----	-----	-----	-----
Net cash provided by operating activities.....	2,345	6,497	880	4,161
	-----	-----	-----	-----
Cash flows from investing activities:				
Additions to property and equipment, net of disposals.....	(2,940)	(769)	(486)	(1,858)
Cash paid in acquisitions, net of cash received.....	1,418	(1,758)		2,293
Payments of non-recurring acquisition costs.....	(617)	(539)		
Proceeds on sale of investments, net.....	332			
Other.....	219		(129)	126
	-----	-----	-----	-----
Net cash (used in) provided by investing activities	(1,588)	(3,066)	(615)	561
	-----	-----	-----	-----
Cash flows from financing activities:				
Proceeds from issuance of long-term debt.....	123	362	3,800	72

Payments of long-term debt.....	(5,623)	(3,039)	(5,594)	(1,968)
Proceeds from (payments of) short-term debt, net.....	(2,555)	(1,603)	801	424
Payments of dividends of Pooled Companies.....		(3,038)	(982)	(2,447)
Proceeds from issuance of common stock.....		142	1,625	800
Capital contributed by stockholders of Pooled Companies.....		43		
Net advances from U.S. Office Products Company.....	8,563	5,008		
	-----	-----	-----	-----
Net cash provided by (used in) financing activities.....	508	(2,125)	(350)	(3,119)
	-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	1,265	1,306	(85)	1,603
Cash and cash equivalents at beginning of period.....	6,952	5,646	5,731	4,128
	-----	-----	-----	-----
Cash and cash equivalents at end of period.....	\$ 8,217	\$ 6,952	\$ 5,646	\$ 5,731
	=====	=====	=====	=====
Supplemental disclosures of cash flow information:				
Interest paid.....	\$ 300	\$ 579	\$ 189	\$ 562
Income taxes paid.....	\$ 794	\$ 453	\$ 364	\$ 361

</TABLE>

See accompanying notes to consolidated financial statements.

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NAVIGANT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

The Company issued U.S. Office Products common stock, notes payable and cash in connection with certain business combinations accounted for under the purchase method in the fiscal years ended April 25, 1998 and April 26, 1997 and the year ended December 31, 1995. The fair values of the assets and liabilities of the acquired companies at the dates of the acquisitions are presented as follows:

<TABLE>

<CAPTION>

	FOR THE FISCAL YEAR ENDED		Year Ended
	April 25, 1998	APRIL 26, 1997	December 31, 1995
	-----	-----	----
<S>	<C>	<C>	<C>
Accounts receivable.....	\$ 10,914	\$ 410	\$ 2,406
Prepaid expenses and other current assets.....	1,132	99	248
Property and equipment.....	9,316	348	928
Intangible assets.....	82,218	2,127	5,109
Other assets.....	1,196	70	176
Short-term debt.....	(2,594)		(859)
Accounts payable.....	(3,699)	(86)	(817)
Accrued liabilities.....	(8,899)	(1,167)	(1,610)
Long-term debt.....	(5,119)	(43)	
Other long-term liabilities.....	(2,103)		(520)
	-----	-----	-----
Net assets acquired.....	\$82,362	\$ 1,758	\$ 5,061
	=====	=====	=====
The acquisitions were funded as follows:			
U.S. Office Products common stock.....	\$83,780	\$	\$ 7,354
Notes payable.....			(2,293)
Cash paid, net of cash received.....	(1,418)	1,758	
	-----	-----	-----
Total.....	\$82,362	\$ 1,758	\$ 5,061
	=====	=====	=====

</TABLE>

Noncash transactions:

- . During the fiscal year ended April 25, 1998, U.S. Office Products contributed \$1,495 of capital to the Company.
- . During the fiscal year ended April 26, 1997, the Company used U.S. Office Products common stock to repay \$1,772 of indebtedness.

See accompanying notes to consolidated financial statements.

NAVIGANT INTERNATIONAL, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (DOLLARS IN THOUSANDS)

NOTE 1--BACKGROUND

Navigant International, Inc. (the "Company") is a Delaware Corporation which was a wholly-owned subsidiary of U.S. Office Products Company ("U.S. Office Products") at April 25, 1998. On June 9, 1998, as part of its comprehensive restructuring plan, U.S. Office Products spun-off its Corporate Travel Services division as an independent publicly owned company. This transaction was effected through the distribution of shares of the Company to U.S. Office Products shareholders (the "Distribution"). Prior to the Distribution, U.S. Office Products contributed its equity interests in certain wholly-owned subsidiaries associated with U.S. Office Products' Corporate Travel Services division to the Company. U.S. Office Products and the Company also entered into a number of agreements to facilitate the Distribution and the transition of the Company to an independent business enterprise. At the date of the Distribution, U.S. Office Products allocated \$15,000 in debt plus any additional debt incurred by U.S. Office Products for acquisitions through the date of the Distribution to the Company. The debt payable to U.S. Office Products was repaid upon the completion of the Distribution. The Company was allocated \$1,000 in strategic restructuring costs which represents the Company's portion of the costs incurred by U.S. Office Products as a result of the Distribution. These costs were accrued in fiscal 1998 and paid upon the completion of the Distribution. Additionally, in connection with the Distribution, the Company sold 2.0 million shares of the Company's common stock in an initial public offering ("IPO"). The gross proceeds to the Company in the IPO were \$18,000 and the expenses incurred were as follows: (i) \$1,260 for the underwriters discount and non-accountable expense allowance; and (ii) approximately \$1,500 for other expenses, including legal, accounting and printing fees. The Company used the net proceeds in the IPO of approximately \$15,240 to repay a portion of the outstanding indebtedness.

The Corporate Travel Services division was created by U.S. Office Products in January 1997 and completed four business combinations accounted for under the pooling-of-interests method during the period from January 1997 to April 1997 (the "Pooled Companies"). As a result of these business combinations being accounted for under the pooling-of-interests method, the results of the Company prior to the completion of such business combinations represent the combined results of the Pooled Companies operating as separate autonomous entities.

The Company's operations are primarily concentrated in one market segment -airline travel- and the customers are geographically diverse with no single customer base concentrated in a single industry. Management considers a downturn in this market segment to be unlikely. The Company's operations are seasonal, with the November and December periods having the lowest airline bookings.

NOTE 2--BASIS OF PRESENTATION

The consolidated financial statements reflect the assets, liabilities, divisional equity, revenues and expenses that were directly related to the Company as it was operated within U.S. Office Products. In cases involving assets and liabilities not specifically identifiable to any particular business of U.S. Office Products, only those assets and liabilities expected to be transferred to the Company prior to the Distribution were included in the Company's separate consolidated balance sheet. The Company's statement of income includes all of the related costs of doing business including an allocation of certain general corporate expenses of U.S. Office Products which were not directly related to these businesses including certain corporate executives' salaries, accounting and legal fees, departmental costs for accounting, finance, legal, purchasing, marketing and human resources as well as other general overhead costs. These allocations were based on a variety of factors, dependent upon the nature of the costs being allocated, including revenues, number and size of acquisitions and number of employees. Management believes these allocations were made on a reasonable basis.

U.S. Office Products uses a centralized approach to cash management and the financing of its operations. As a result, minimal amounts of cash and cash equivalents were allocated to the Company at the time of the Distribution. The consolidated statement of income includes an allocation of interest expense on all debt allocated to the Company. See Note 8 for further discussion of interest

expense.

NOTE 3--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

CHANGE IN FISCAL YEAR

Prior to their respective dates of acquisition by U.S. Office Products, the Pooled Companies reported results on years ending on December 31. Upon acquisition by U.S. Office Products and effective for the fiscal year ended April 26, 1997 ("fiscal 1997"), the Pooled Companies changed their year-ends from December 31 to conform to U.S. Office Products' fiscal year, which ends on the last Saturday in April. A four month fiscal transition period from January 1, 1996 through April 30, 1996 has been presented for the Company to conform its fiscal year-end.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and accounts are eliminated in consolidation.

CASH AND CASH EQUIVALENTS

The Company considers temporary cash investments with original maturities of three months or less from the date of purchase to be cash equivalents.

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. Receivables arising from sales to customers are not collateralized and, as a result, management continually monitors the financial condition of its customers to reduce the risk of loss.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives range from 25 to 40 years for buildings and their components and 3 to 15 years for furniture, fixtures and equipment. Property and equipment leased under capital leases is being amortized over the lesser of its useful life or its lease terms.

INTANGIBLE ASSETS

Intangible assets consist of goodwill, which represents the excess of cost over the fair value of assets acquired in business combinations accounted for under the purchase method. Substantially all goodwill is amortized on a straight line basis over an estimated useful life of 35 years. Management periodically evaluates the recoverability of goodwill, which would be adjusted for a permanent decline in value, if any, by comparing anticipated undiscounted future cash flows from operations to net book value.

TRANSLATION OF FOREIGN CURRENCIES

Balance sheet accounts of foreign subsidiaries are translated using the year-end exchange rate, and statement of income accounts are translated using the average exchange rate for the year. Translation adjustments are recorded as a separate component of stockholder's equity.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments including cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and indebtedness approximate fair value.

INCOME TAXES

As a division of U.S. Office Products, the Company does not file separate federal income tax returns but rather is included in the federal income tax returns filed by U.S. Office Products and its subsidiaries from the respective dates that the entities within the Company were acquired by U.S. Office Products. For purposes of the consolidated financial statements, the Company's allocated share of U.S. Office Products' income tax provision was based on the "separate return" method. Certain companies acquired in pooling-of-interests transactions elected to be taxed as Subchapter S corporations, and accordingly, no federal income taxes were recorded by those companies for periods prior to their acquisition by U.S. Office Products.

REVENUE RECOGNITION

The Company records revenues from air reservations and hotel and car reservations when earned, which is at the time a reservation is booked and ticketed. The Company provides a reserve for cancellations and reservation changes, and provisions for such amounts are reflected in net revenues. The reserves that have been netted against net revenues are not material in the periods reflected. The Company estimates and records accruals for cancellations and changes to reservation revenues booked. However, such estimates could vary significantly based upon changes in economic and political conditions that impact corporate travel patterns. Cruise revenues are recorded when the customer is no longer entitled to a full refund of the cost of the cruise. The Company records override commissions on an accrual basis in the month it is earned based upon the Company's estimated ticket sales in excess of required thresholds. Revenues consist of commissions on travel services and year-end volume bonuses from travel service providers.

OPERATING EXPENSES

Operating expenses include travel agent commissions, salaries, communications and other costs associated with the selling and processing of travel reservations.

ADVERTISING COSTS

The Company expenses advertising costs when the advertisement occurs. Advertising costs are included in the consolidated statement of income as a component of general and administrative expenses.

RESTRUCTURING COSTS

The Company records the costs of consolidating existing Company facilities into acquired operations, including the external costs and liabilities to close redundant Company facilities and severance and relocation costs related to the Company's employees in accordance with EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in Restructuring)."

NON-RECURRING ACQUISITION COSTS

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Non-recurring acquisition costs represent acquisition costs incurred by the Company in business combinations accounted for under the pooling-of-interests method. These costs include accounting, legal, and investment banking fees, real estate and environmental assessments and appraisals, various regulatory fees and recognition of transaction related obligations. Generally accepted accounting principles require the Company to expense all acquisition costs (both those paid by the Company and those paid by the sellers of the acquired companies) related to business combinations accounted for under the pooling-of-interests method.

NET INCOME PER SHARE

Net income per share is calculated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share."

NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general purpose financial statements. SFAS No. 130 requires that all items required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. SFAS No. 130 is effective for fiscal years beginning after December 15, 1997. Reclassification of financial statements for earlier periods provided for comparative purposes is required. The Company intends to adopt SFAS No. 130 in fiscal 1999. Implementation of this disclosure standard will not affect the Company's financial position or results of operations.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 establishes standards for reporting information about operating segments in annual and interim financial statements. Operating segments are determined consistent with the way management organizes and evaluates financial information internally for making decisions and assessing performance. It also requires related disclosures about products, geographic areas, and major customers. SFAS 131 is effective for fiscal years beginning after December 15, 1997. The Company intends to adopt SFAS No. 131 in fiscal 1999. Implementation of this disclosure standard will not affect the Company's financial position or results of operations.

DISTRIBUTION RATIO

On May 14, 1998, the U.S. Office Products Board of Directors approved the distribution ratio for the Company in connection with the Distribution. At the date of the Distribution, the Company issued to U.S. Office Products shareholders one share of its common stock for every ten shares of U.S. Office Products common stock held by each respective shareholder. The share data reflected in the accompanying financial statements represents the historical share data for U.S. Office Products for the period or as of the date indicated, and retroactively adjusted to give effect to the one for ten distribution ratio.

NOTE 4--BUSINESS COMBINATIONS

POOLING-OF-INTERESTS METHOD

In fiscal 1997, the Company issued 3,731,152 shares of U.S. Office Products common stock to acquire the Pooled Companies. The Pooled Companies and the number of shares issued in each business combination are as follows:

COMPANY NAME -----	NUMBER OF SHARES ISSUED -----
Professional Travel Corporation.....	794,078
Travel Arrangements, Inc. and St. Pierre Enterprises (Supertravel)...	1,293,713
Simmons Associates, Inc.....	611,607
MTA, Inc.....	1,031,754

Total shares issued.....	3,731,152 =====

The Company's consolidated financial statements give retroactive effect to the acquisitions of the Pooled Companies for all periods presented. Prior to being acquired by U.S. Office Products, the Pooled Companies all reported on years ending on December 31. Upon completion of the acquisitions of the Pooled Companies, their year-ends were changed to U.S. Office Products' year-end of the last Saturday in April.

The following presents the separate results, in each of the periods presented, of the Company (excluding the results of the Pooled Companies prior to the dates on which they were acquired), and the Pooled Companies up to the dates on which they were acquired:

<TABLE>

<CAPTION>

	NAVIGANT INTERNATIONAL, INC. -----	POOLED COMPANIES -----	COMBINED COMPANIES -----
<S>	<C>	<C>	<C>
For the fiscal year ended April 26, 1997			
Revenues.....	\$6,135	\$51,542	\$57,677
Net income.....	231	3,112	3,343
For the four months ended April 30, 1996			
Revenue.....		\$18,009	\$18,009
Net income.....		1,391	1,391
For the calendar year ended December 31, 1995			
Revenue.....		\$45,267	\$45,267
Net income.....		3,098	3,098

</TABLE>

PURCHASE METHOD

In fiscal 1998, the Company made seven acquisitions accounted for under the purchase method for an aggregate purchase price of \$82,362, consisting of

3,802,367 shares of common stock with a market value of \$83,780 and net of \$1,418 of cash acquired. The total assets related to these seven acquisitions were \$104,776, including intangible assets of \$82,218. The results of these acquisitions have been included in the Company's results from their respective dates of acquisition.

In fiscal 1997, the Company made one acquisition accounted for under the purchase method for an aggregate cash purchase price of \$1,758. The total assets related to the acquisition were \$3,054, including goodwill of \$2,127. The results of the acquisition have been included in the Company's results from the date of acquisition.

During 1995, the Company made one acquisition accounted for under the purchase method for an aggregate purchase price of \$5,061, consisting of \$7,354 of notes payable and net of \$2,293 of cash acquired. The total assets related to the acquisition were \$8,867, including goodwill of \$5,109. The results of the acquisition have been included in the Company's results from the date of acquisition.

The following presents the unaudited pro forma results of operations of the Company for the fiscal years ended April 25, 1998 and April 26, 1997 and includes the Company's consolidated financial statements, which give retroactive effect to the acquisitions of the Pooled Companies for all periods presented, and the results of the companies acquired in purchase acquisitions as if all such purchase acquisitions had been made at the beginning of each period presented. The results presented below include certain pro forma adjustments to reflect the amortization of intangible assets, adjustments in executive compensation of \$265 and \$7,100 for the fiscal years ended April 25, 1998 and April 26, 1997, respectively, and the inclusion of a federal income tax provision on all earnings:

	For The Fiscal Year Ended	
	April 25, 1998	April 26, 1997
	(unaudited)	
Revenues.....	\$157,042	\$144,394
Net income.....	\$ 6,750	\$ 7,267
Net income per share - basic.....	\$ 0.62	\$ 0.67
Net income per share - diluted.....	\$ 0.62	\$ 0.67

The unaudited pro forma results of operations are prepared for comparative purposes only and do not necessarily reflect the results that would have occurred had the acquisitions occurred at the beginning of fiscal 1997 or the results which may occur in the future.

NOTE 5--PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	April 25, 1998	April 26, 1997
	-----	-----
<S>	<C>	<C>
Land.....	\$ 325	\$ 325
Buildings.....	7,291	3,088
Furniture and fixtures.....	14,939	7,934
Leasehold improvements.....	2,471	1,273
	-----	-----
	25,026	12,620
Less: Accumulated depreciation.....	(6,668)	(4,666)
	-----	-----
Net property and equipment.....	\$18,358	\$ 7,954
	=====	=====

Depreciation expense for the fiscal years ended April 25, 1998 and April 26, 1997, the four months ended April 30, 1996 and the year ended December 31, 1995 was \$2,159, \$1,112, \$324 and \$644, respectively.

NOTE 6--INTANGIBLE ASSETS

Intangible assets consist of the following:

<TABLE>
<CAPTION>

	APRIL 25, 1998	APRIL 26, 1997
	-----	-----
<S>	<C>	<C>
Goodwill.....	\$90,442	\$ 8,138
Less: Accumulated amortization.....	(3,202)	(1,026)
	-----	-----
Net intangible assets.....	\$87,240	\$ 7,112
	=====	=====

</TABLE>

Amortization expense for the fiscal years ended April 25, 1998 and April 26, 1997, the four months ended April 30, 1996 and the year ended December 31, 1995 was \$2,353, \$548, \$128 and \$342, respectively.

On March 13, 1998, the Company received 90 days notice of termination of a business relationship. The Company had provided travel administration services to this customer under a five-year agreement based on a fee per transaction basis, with all commissions being remitted back to this customer. During the fiscal year ended April 25, 1998, this relationship contributed approximately \$600 to net operating income. During March 1998, the Company wrote-off \$613 in intangible assets relating to the original acquisition of this contract.

NOTE 7--OTHER ACCRUED LIABILITIES

Other accrued liabilities consist of the following:

<TABLE>
<CAPTION>

	APRIL 25, 1998	APRIL 26, 1997
	-----	-----
<S>	<C>	<C>
Customer deposits.....	\$ 5,260	\$1,198
Customer Revenue Share.....	1,690	521
Deferred revenue.....	1,282	
Accrued restructuring costs.....	1,000	
Accrued acquisition costs.....		618
Other.....	2,478	1,086
	-----	-----
Total other accrued liabilities.....	\$11,710	\$3,423
	=====	=====

</TABLE>

NOTE 8--CREDIT FACILITIES

SHORT-TERM DEBT

Short-term debt consists of the following:

<TABLE>
<CAPTION>

	April 25, 1998	APRIL 26, 1997
	-----	-----
<S>	<C>	<C>
Other.....	\$123	\$
Current maturities of long-term debt.....	371	456
	----	----
Total short-term debt.....	\$494	\$456
	=====	=====

</TABLE>

LONG-TERM DEBT

Long-term debt consists of the following:

<TABLE>
<CAPTION>

	April 25, 1998	APRIL 26, 1997
	-----	-----
<S>	<C>	<C>
Notes payable, secured by certain assets of the Company, interest rates ranging from 9.04% to 9.4%, maturities from October 1997 through 2015.....	\$2,768	\$2,393
Capital lease obligations.....	33	75

Less: Current maturities of long-term debt.....	----- 2,801 (371) -----	----- 2,468 (456) -----
Total long-term debt.....	\$2,430 =====	\$2,012 =====

</TABLE>

<TABLE>
<CAPTION>
MATURITIES OF LONG-TERM DEBT
<S>

<C>

Maturities of long-term debt, including capital lease obligations, are as follows:

1999	\$ 371
2000	180
2001	113
2002	123
2003	134
Thereafter	1,880 -----
Total maturities of long-term debt	\$2,801 =====

</TABLE>
PAYABLE TO U.S. OFFICE PRODUCTS

The short-term payable to U.S. Office Products was incurred by the Company primarily as a result of U.S. Office Products repaying short-term debt outstanding at the businesses acquired by U.S. Office Products at or soon after the respective dates of acquisition and through the centralized cash management system, which involves daily advances or sweeps of cash to keep the cash balance at or near zero on a daily basis. U.S. Office Products has charged the Company interest on the short-term payable at U.S. Office Products weighted average interest rate during the applicable periods.

The long-term payable to U.S. Office Products primarily represents payments made by U.S. Office Products on behalf of the Company and a reasonable allocation by U.S. Office Products of certain general corporate expenses. An analysis of the activity in this account is as follows:

<TABLE>
<CAPTION>

Balance at April 30, 1996	\$
<S>	<C>
Payments of long-term debt of Pooled Companies upon acquisition	394
Payments of acquisition costs	263
Allocated corporate expenses	107
Normal operating costs paid by U.S. Office Products	23 -----
Balance at April 26, 1997	787
Payments of long-term debt of acquired companies upon acquisition	4,174
Normal operating costs paid by U.S. Office Products	5,048
Payments of acquisition costs	1,867
Allocated corporate expenses	792 -----
Balance at April 25, 1998	\$12,668 =====

</TABLE>

The average outstanding long-term payable to U.S. Office Products during the fiscal years ended April 25, 1998 and April 26, 1997 were \$6,257 and \$43, respectively. Interest has been allocated to the Company based upon the Company's average outstanding payable balance with U.S. Office Products at U.S. Office Products' weighted average interest rate during such period.

The Company's financial statements include allocations of interest expense from U.S. Office Products totaling \$285 and \$58 during the fiscal years ended April 25, 1998 and April 26, 1997, respectively.

In conjunction with the Distribution, U.S. Office Products' allocated a specified amount of debt outstanding under its credit facilities to each Spin-Off Company and required each Spin-Off Company, on or prior to the Distribution, to obtain credit facilities, to borrow funds under such facilities and to use the proceeds of such borrowings to pay off the U.S. Office Products' debt so allocated plus any additional debt incurred by U.S. Office Products after January 12, 1998 (the date of the approval by the board of directors of U.S. Office Products to spin-off the Company) in connection with the acquisition of an entity that has become or will become a subsidiary of such Spin-Off Company.

Under the Distribution Agreement, \$15,000 of U.S. Office Products' debt has been allocated to the Company, and since January 12, 1998, U.S. Office Products has incurred an additional \$1,400 of debt in connection with such acquisitions.

On the date of the Distribution the Company executed a credit agreement with NationsBank, N.A., as administrative agent for a maximum facility of \$75,000. The Company's current borrowing capacity under this facility is initially \$60,000 and matures on June 9, 2003. The facility is secured by substantially all of the Company's assets and the credit is subject to terms and conditions typical of facilities of such size, including certain financial covenants. Interest rate options will be available to the Company depending upon the satisfaction of certain specified financial ratios. The Company borrowed \$16,400 on the date of Distribution to pay off the debt of U.S. Office Products.

NOTE 9--INCOME TAXES

The provision for income taxes consists of:

<TABLE>
<CAPTION>

	FOR THE FISCAL YEAR ENDED		FOR THE FOUR MONTHS ENDED	FOR THE YEAR ENDED
	APRIL 25, 1998	APRIL 26, 1997	APRIL 30, 1996	DECEMBER 31, 1995
<S>	<C>	<C>	<C>	<C>
Income taxes currently payable:				
Federal	\$3,275	\$ 991	\$ 348	\$ 435
State	634	159	43	75
	-----	-----	-----	-----
	3,909	1,150	391	510
Deferred income tax expense (benefit)				
	172	(5)	(136)	55
	-----	-----	-----	-----
Total provision for income taxes	\$4,081	\$1,145	\$ 255	\$ 565
	=====	=====	=====	=====

</TABLE>

Deferred taxes are comprised of the following:

<TABLE>
<CAPTION>

	April 25, 1998	APRIL 26, 1997
<S>	<C>	<C>
Current deferred tax assets:		
Allowance for doubtful accounts	\$ 84	\$ 36
Accrued liabilities	769	229
	-----	-----
Total current deferred tax assets	853	265
	=====	=====
Long -term deferred tax liabilities:		
Property and equipment	(400)	(680)
Intangible assets	(418)	(3)
Other	(109)	222

</TABLE>

43

Total long-term deferred tax liabilities	(927)	(461)
	-----	-----
Net deferred tax liability	\$ (74)	\$ (196)
	=====	=====

The Company's effective income tax rate varied from the U.S. federal statutory tax rate as follows:

<TABLE>
<CAPTION>

	FOR THE FISCAL YEAR ENDED		FOR THE FOUR MONTHS ENDED	FOR THE YEAR ENDED
	April 25, 1998	APRIL 26, 1997	APRIL 30, 1996	DECEMBER 31, 1995
<S>	<C>	<C>	<C>	<C>
U.S. federal statutory rate	35.0%	35.0%	35.0%	35.0%

State income taxes, net of federal income tax benefit	5.4	2.3	1.7	1.8
Subchapter S corporation income not subject to corporate level taxation		(24.7)	(21.2)	(21.4)
Nondeductible goodwill	8.3			
Nondeductible acquisition costs	4.7	6.8		
Other	1.3	6.1		
	----	----	----	----
Effective income tax rate	54.7%	25.5%	15.5%	15.4%
	====	=====	=====	=====

</TABLE>

Certain Pooled Companies were organized as subchapter S corporations prior to the closing of their acquisitions by the Company and, as a result, the federal tax on their income was the responsibility of their individual stockholders. Accordingly, the specific Pooled Companies provided no federal income tax expense prior to these acquisitions by the Company.

NOTE 10--LEASE COMMITMENTS

The Company leases various types of office facilities, equipment, and furniture and fixtures under noncancelable lease agreements, which expire at various dates. Future minimum lease payments under noncancelable capital and operating leases are as follows:

<TABLE> <CAPTION>			
	Capital Leases	OPERATING LEASES	
	-----	-----	
<S>	<C>	<C>	
1999	\$11	\$1,811	
2000	11	1,454	
2001	11	1,318	
2002	3	892	
2003		385	
Thereafter		663	
	-----	-----	
Total minimum lease payments	36	\$6,523	
		=====	
Less: Amounts representing interest	(3)		

Present value of net minimum lease payments	\$ 33		
	=====		

</TABLE>

Rent expense for all operating leases for the fiscal years ended April 25, 1998 and April 26, 1997, the four months ended April 30, 1996 and the year ended December 31, 1995 was \$3,153, \$1,903, \$573 and \$1,811, respectively.

NOTE 11--COMMITMENTS AND CONTINGENCIES

LITIGATION

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The Company is, from time to time, a party to litigation arising in the normal course of its business. Management believes that none of this litigation will have a material adverse effect on the financial position, results of operations or cash flows of the Company.

POSTEMPLOYMENT BENEFITS

The Company has entered into employment agreements with several employees that would result in payments to these employees upon a change of control or certain other events. No amounts have been accrued at April 25, 1998 and April 26, 1997 related to these agreements, as no change of control has occurred.

DISTRIBUTION

At the date of the Distribution, the Company, U.S. Office Products and the other Spin-Off Companies entered into the Distribution Agreement, the Tax Allocation Agreement and the Employee Benefits Agreement, and the Spin-Off Companies entered into the Tax Indemnification Agreement and may enter into other agreements, including agreements related to referral of customers to one another. These agreements provided, among other things, for U.S. Office Products and the Company to indemnify each other from tax and other liabilities relating to their respective businesses prior to and following the Distribution. Certain of the obligations of the Company and the other spin-off companies to indemnify

U.S. Office Products are joint and several. Therefore, if one of the other spin-off companies fails to indemnify U.S. Office Products when such a loss occurs, the Company may be required to reimburse U.S. Office Products for all or a portion of the losses that otherwise would have been allocated to other spin-off companies. In addition, the agreements will allocate liabilities, including general corporate and securities liabilities of U.S. Office Products not specifically related to the business travel agency business, between U.S. Office Products and each spin-off company.

NOTE 12--EMPLOYEE BENEFIT PLANS

Effective September 1, 1996, the Company implemented the U.S. Office Products 401(k) Retirement Plan (the "401(k) Plan") which allows employee contributions in accordance with Section 401(k) of the Internal Revenue Code. The Company matches a portion of employee contributions and all full-time employees are eligible to participate in the 401(k) Plan after one year of service.

Certain subsidiaries of the Company have, or had prior to implementation of the 401(k) Plan, qualified defined contribution benefit plans, which allow for voluntary pre-tax contributions by the employees. The subsidiaries paid all general and administrative expenses of the plans and in some cases made matching contributions on behalf of the employees. For the fiscal years ended April 25, 1998 and April 26, 1997, the four months ended April 30, 1996 and the year ended December 31, 1995, the subsidiaries incurred expenses totaling \$372, \$249, \$73 and \$204, respectively, related to these plans.

NOTE 13--STOCKHOLDER'S EQUITY

Earnings Per Share

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share." SFAS No. 128 establishes standards for computing and presenting earnings per share ("EPS"). SFAS No. 128 requires the dual presentation of basic and diluted EPS on the face of the consolidated statement of income. Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The Company has adopted SFAS No. 128 during fiscal 1998 and has restated all prior period EPS data. The following information presents the Company's computations of basic and diluted EPS from continuing operations before extraordinary items for the periods presented in the consolidated statement of income.

45

<TABLE>
<CAPTION>

	Income (Numerator)	Shares (Denominator)	Per Share Amount
<S>	<C>	<C>	<C>
Fiscal 1998:			
Basic EPS	\$3,377	11,956	\$.28 =====
Effect of dilutive employee stock options	-----	237	
Diluted EPS	\$3,377 =====	12,193 =====	\$.28 =====
Fiscal 1997:			
Basic EPS	\$3,343	9,003	\$.37 =====
Effect of dilutive employee stock options	-----	173	
Diluted EPS	\$3,343 =====	9,176 =====	\$.36 =====
Four months ended April 30, 1996:			
Basic EPS	\$1,391	7,750	\$.18 =====
Effect of dilutive employee stock options	-----	160	
Diluted EPS	\$1,391 =====	7,910 =====	\$.18 =====
Year ended December 31, 1995:			
Basic EPS	\$3,098	5,906	\$.52 =====
Effect of dilutive employee stock options		96	

Diluted EPS	----- \$3,098 =====	----- 6,002 =====	\$.52 =====
-------------	---------------------------	-------------------------	----------------

</TABLE>

CAPITAL CONTRIBUTION BY U.S. OFFICE PRODUCTS

During the fiscal year ended April 25, 1998, U.S. Office Products contributed \$1,495 of capital to the Company. The contribution reflects the forgiveness of intercompany debt by U.S. Office Products, as it was agreed that the Company would be allocated only \$15,000 of debt plus the amount of any additional debt incurred after January 12, 1998 in connection with the acquisition of entities that will become subsidiaries of the Company.

EMPLOYEE STOCK PLANS

Prior to the Distribution, certain employees of the Company participated in the U.S. Office Products 1994 Long-Term Incentive Plan ("the Plan") covering employees of U.S. Office Products. The Company adopted an employee stock option plan at approximately the time of the Distribution. The Company replaced the options to purchase shares of common stock of U.S. Office Products held by employees with options to purchase shares of common stock of the Company. In order to keep the option holders in the same economic position immediately before and after the Distribution, the number of U.S. Office Products' options held by Company employees was multiplied by 1.556 and the exercise price of those options was divided by 1.556 for purposes of the replacement options. All option data reflected below has been retroactively restated to reflect the effects of the Distribution.

The Company accounts for options issued in accordance with APB Opinion No. 25. Accordingly, because the exercise prices of the options have equaled the market price on the date of grant, no compensation expense has been recognized for the options granted. Had compensation cost for the Company's stock options been recognized based upon the fair value of the stock options on the grant date under the methodology prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net income and net income per share would have been impacted as indicated in the following table:

<TABLE>

<CAPTION>

	For the Fiscal Year Ended	
	April 25, 1998	April 26, 1997
Net income:		
<S>	<C>	<C>
As reported.....	\$3,377	\$3,343
Pro forma.....	\$2,677	\$3,333

</TABLE>

<TABLE>

<S>

	<C>	<C>
Net income per share:		
As reported:		
Basic.....	\$ 0.28	\$ 0.37
Diluted.....	\$ 0.28	\$ 0.36
Pro forma:		
Basic.....	\$ 0.22	\$ 0.37
Diluted.....	\$ 0.22	\$ 0.36

</TABLE>

The fair value of the options granted (which is amortized to expense over the option vesting period in determining the pro forma impact) is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

<TABLE>

<CAPTION>

	For the Fiscal Year Ended	
	April 25, 1998	April 26, 1997
<S>	<C>	<C>
Expected life of option.....	7 year	7 years
Risk free interest rate.....	6.35%	6.66%
Expected volatility of stock.....	44.10%	44.00%

</TABLE>

The weighted-average fair value of options granted was \$6.31 and \$5.74 for the years ended April 25, 1998 and April 26, 1997, respectively.

A summary of option transactions follows:

<TABLE>
<CAPTION>

	Options	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Granted	242	\$ 8.75		
Balance at April 26, 1997	242	8.75	65	\$4.56
Granted	1,665	11.68		
Exercised	(9)	0.73		
Canceled	(14)	11.65		
Balance at April 25, 1997	1,884	\$11.36	112	\$6.65

</TABLE>

The following table summarized information about stock options outstanding at April 25, 1998:

<TABLE>
<CAPTION>

Range of Exercise Price	Options Outstanding			Options Exercisable	
	Options	Weighted Average Life	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
\$0.73	4	9.18	\$ 0.73	4	\$ 0.73
\$4.56	65	9.01	4.56	65	4.56
\$9.03 - \$9.96	327	9.27	9.79	25	9.70
\$10.73 - \$12.65	1,349	9.73	11.76	19	11.04
\$14.58 - \$14.90	139	9.43	14.63		
\$0.73 - \$14.90	1,884	9.61	\$11.36	113	\$ 6.65

</TABLE>

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Non-qualified options granted to employees are generally exercisable beginning one year from the date of grant in cumulative yearly amounts of 25% of the shares under option and generally expire ten years from the date of grant.

Under a service agreement entered into with Jonathan J. Ledecy, the Board of Directors of U.S. Office Products has agreed that Jonathan J. Ledecy will receive a stock option for the Company common stock from the Company as of the date of the Distribution. The Board intends the option to be compensation for Mr. Ledecy's services as a director of the Company, and certain services as an employee of the Company. The option will cover 7.5% of the outstanding Company common stock determined as of the date of the Distribution, with no anti-dilution provisions in the event of issuance of additional shares of common stock (other than with respect to stock splits or reverse stock splits). The option will have a per share exercise price equal to the IPO price.

Immediately following the effective date of the registration statements filed in connection with the IPO and the Distribution, the Company's Board of Directors granted 823 options covering 7.5% of the outstanding shares of the Company's common stock, immediately following the Distribution, to certain executive management personnel and non-employee directors. The options will be granted under the 1998 Stock Incentive Plan (the "Plan") and have a per share exercise price equal to the IPO price, with other terms to be determined by the Company's Board of Directors. Total options available for grant under the Plan will be 25.0% of the outstanding shares of the Company's common stock immediately following the Distribution and the IPO, including the options to be granted to Mr. Ledecy on that date.

NOTE 14--QUARTERLY FINANCIAL DATA (UNAUDITED)

The following presents certain unaudited quarterly financial data for the fiscal years ended April 25, 1998 and April 26, 1997:

<TABLE>
<CAPTION>

Year Ended April 25, 1998				
First	Second	Third	Fourth	Total

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$19,530	\$27,027	\$34,149	\$39,718	\$120,424	
Gross Profit.....	8,637	11,705	13,192	17,247	50,781	
Operating income.....	2,565	2,138	1,048	1,883	7,634	
Net income.....	1,358	1,207	373	439	3,377	

Per share amounts:

Basic.....	\$ 0.13	\$ 0.11	\$ 0.03	\$ 0.03	\$ 0.28
Diluted.....	\$ 0.13	\$ 0.11	\$ 0.03	\$ 0.03	\$ 0.28

Year Ended April 26, 1997

	First	Second	Third	Fourth	Total
Revenues.....	\$15,243	\$13,770	\$12,514	\$16,150	\$57,677
Gross profit.....	7,637	6,276	4,958	7,265	26,136
Operating income (loss).....	2,186	1,131	(212)	1,643	4,748
Net income (loss).....	1,753	937	(209)	862	3,343
Per share amounts:					
Basic.....	\$ 0.21	\$ 0.11	\$ (0.02)	\$ 0.08	\$ 0.37
Diluted.....	\$ 0.21	\$ 0.11	\$ (0.02)	\$ 0.08	\$ 0.36

</TABLE>

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

This information is incorporated by reference from the Company's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Company's annual meeting of stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

This information is incorporated by reference from the Company's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Company's annual meeting of stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

This information is incorporated by reference from the Company's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Company's annual meeting of stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

This information is incorporated by reference from the Company's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Company's annual meeting of stockholders.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) Financial Statement Schedules:

Not applicable

(b) Reports on Form 8-K:

Not applicable.

(c) Exhibits:

Exhibit	Description of Document
3.1+	Form of Amended and Restated Certificate of Incorporation
3.2+	Bylaws
3.3+	Form of Amendment to Bylaws
4.1+	Form of certificate representing shares of Common Stock
10.1+	Form of Distribution Agreement among U.S. Office Products Company, Workflow Management, Inc., Aztec Technology Partners, Inc., Navigant International, Inc. and School Specialty, Inc.
10.2+	Form of Tax Allocation Agreement among U.S. Office Products Company, Workflow Management, Inc., Aztec Technology Partners, Inc., Navigant International, Inc. and School Specialty, Inc.
10.3+	Form of Tax Indemnification Agreement among Workflow Management, Inc., Aztec Technology Partners, Inc., Navigant International, Inc. and School Specialty, Inc.
10.4+	Employment Agreement dated as of January 24, 1997 between Edward S. Adams and Professional Travel Corporation.
10.5+	Employment Agreement dated as of January 24, 1997 between Robert C. Griffith and Professional Travel Corporation.
10.6+	Employment Agreement dated as of October 24, 1997 between McGregor Travel Management, Inc. and Douglas R. Knight.
10.7+	Form of Agreement between U.S. Office Products and Jonathan J. Ledecy, as amended.
10.8+	Form of Employee Benefits Agreement among U.S. Office Products Company, Workflow Management, Inc., Aztec Technology Partners, Inc., Navigant International, Inc. and School Specialty, Inc.
10.9+	Form of Agent Reporting Agreement with Airline Reporting Company.
10.10+	Form of Employment Agreement between Jonathan J. Ledecy and Navigant International, Inc.
10.11+	Form of 1998 Stock Incentive Plan of Navigant International, Inc.
10.12	Credit Agreement dated as of June 9, 1998 between NationsBank, N.A., as Agent, and Navigant International, Inc.
10.13+	Form of Amendment to Employment Agreement between Edward S. Adams, Professional Travel Corporation and Navigant International, Inc.
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21.1+	Subsidiaries of Registrant
24.1	Power of Attorney (included on signature page hereto)
27.1	Financial data schedule

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+ Incorporated by reference herein from Navigant's Registration Statement on Form S-1 initially filed with the Securities and Exchange Commission on February 19, 1998 (File No. 333-46539).

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SIGNATURES

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

Date: July 21, 1998.

NAVIGANT INTERNATIONAL, INC.
A DELAWARE CORPORATION

BY: /s/ EDWARD S. ADAMS

NAME: EDWARD S. ADAMS
TITLE: CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE
OFFICER, PRESIDENT AND DIRECTOR (PRINCIPAL
EXECUTIVE OFFICER)

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Edward S. Adams his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or in his name, place and stead, in any and all capacities to sign to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each

and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities indicated as of July 21, 1998.

BY: /S/ ROBERT C. GRIFFITH

NAME: ROBERT C. GRIFFITH
TITLE: CHIEF FINANCIAL OFFICER AND TREASURER
(PRINCIPAL FINANCIAL AND ACCOUNTING
OFFICER)

BY: /S/ DOUGLAS R. KNIGHT

NAME: DOUGLAS R. KNIGHT
TITLE: CHIEF OPERATING OFFICER

BY: /S/ EUGENE A. OVER, JR.

NAME: EUGENE A. OVER, JR.
TITLE: GENERAL COUNSEL AND SECRETARY

BY: /S/ JONATHAN J. LEDECKY

NAME: JONATHAN J. LEDECKY
TITLE: DIRECTOR

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BY: /S/ VASSILIOS SIRPOLAIDIS

NAME: VASSILIOS SIRPOLAIDIS
TITLE: DIRECTOR

BY: /S/ NED A. MINOR

NAME: NED A. MINOR
TITLE: DIRECTOR

BY: /S/ D. CRAIG YOUNG

NAME: D. CRAIG YOUNG
TITLE: DIRECTOR

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Exhibit Index

<TABLE>
<CAPTION>

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27.1	Financial data schedule

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+ Incorporated by reference herein from Navigant's Registration Statement on Form S-1 initially filed with the Securities and Exchange Commission on February 19, 1998 (File No. 333-46539).

CREDIT AGREEMENT

Dated as of June 9, 1998

among

NAVIGANT INTERNATIONAL, INC.,
as Borrower,

Certain Subsidiaries and Affiliates,
as Guarantors,

THE LENDERS NAMED HEREIN

AND

NATIONSBANK, N.A.,
as Administrative Agent

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of June 9, 1998 (the "Credit Agreement"), is

by and among NAVIGANT INTERNATIONAL, INC., a Delaware corporation (the
"Borrower"), and the subsidiaries and affiliates identified on the signature

pages hereto and such other subsidiaries and affiliates as may from time to time
become Guarantors hereunder in accordance with the provisions hereof (the
"Guarantors"), the lenders named herein and such other lenders as may become a

party hereto (the "Lenders"), and NATIONSBANK, N.A., as Administrative Agent (in

such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, the Borrower has requested that the Lenders provide up to a \$75 million credit facility for the purposes hereinafter set forth;

WHEREAS, the Lenders have agreed to make the requested credit facility available to the Borrower on the terms and conditions hereinafter set forth;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1
DEFINITIONS

1.1 Definitions.

As used in this Credit Agreement, the following terms shall have the meanings specified below unless the context otherwise requires:

"Additional Credit Party" means each Person that becomes a Guarantor

after the Closing Date by execution of a Joinder Agreement.

"Administrative Agent" shall have the meaning assigned to such term in

the heading hereof, together with any successors or assigns.

"Administrative Agent's Fee Letter" means that certain letter

agreement, dated as of April 28, 1998, between the Administrative Agent and the Borrower, as amended, modified, supplemented or replaced from time to time.

"Administrative Agent's Fees" shall have the meaning assigned to such

term in Section 3.5(c).

"Affiliate" means, with respect to any Person, any other Person (i)

 directly or indirectly controlling or controlled by or under direct or indirect common control with such Person or (ii) directly or indirectly owning or holding five percent (5%) or more of the equity interest in such Person. For purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agency Services Address" means NationsBank, N.A., NCI-001-15-04, 101

 North Tryon Street, Charlotte, North Carolina 28255, Attn: Agency Services, or such other address as may be identified by written notice from the Administrative Agent to the Borrower.

"Aggregate Revolving Committed Amount" means the aggregate amount of

 Revolving Commitments in effect from time to time, being initially SIXTY MILLION DOLLARS (\$60,000,000), subject to an increase up to SEVENTY-FIVE MILLION DOLLARS (\$75,000,000) in accordance with the provisions of Section 2.1(g).

"Applicable Percentage" means for any day, the rate per annum set

 forth below opposite the applicable Consolidated Leverage Ratio then in effect, it being understood that the Applicable Percentage for (i) Base Rate Loans shall be the percentage set forth under the column "Base Rate Margin", (ii) Eurodollar Loans shall be the percentage set forth under the column "Eurodollar Margin and Letter of Credit Fee", (iii) the Letter of Credit Fee shall be the percentage set forth under the column "Eurodollar Margin and Letter of Credit Fee", and (iv) the Commitment Fee shall be the percentage set forth under the column "Commitment Fee":

<TABLE>
 <CAPTION>

Pricing Level	Consolidated Leverage Ratio	Base Rate Margin	Eurodollar Margin and Letter of Credit Fee	Commitment Fee
-----	-----	-----	-----	---
<S>	<C>	<C>	<C>	<C>
I	more than 1.5	0%	1.00%	.25%
II	less than or equal to 1.5 but more than 2.0	.10%	1.35%	.30%
III	less than equal to 2.0 but more than 2.5	.50%	1.75%	.375%
IV	less than equal to 2.5	.75%	2.00%	.425%

</TABLE>

The Applicable Percentage shall be determined and adjusted quarterly on the date (each a "Rate Determination Date") five (5) Business Days after the

 date by which the annual and quarterly compliance certificates and related financial statements and information are required in accordance with the provisions of Sections 7.1(a) and (b) and Section 7.2(b), as applicable; provided that:

(i) the initial Applicable Percentages shall be 1.50% in the case of the Eurodollar Margin and Letter of Credit Fee, 0.25% in the case of the Base Rate Margin, and 0.375% in the case of the Commitment Fee and shall remain in effect

until the first Rate Determination Date to occur after the date six months from the Closing Date; and

(ii) in the event an annual or quarterly compliance certificate and related financial statements and information are not delivered timely to the Agency Services Address by the date required by Sections 7.1(a) and (b) and Section 7.2(b), as applicable, the Applicable Percentages shall be based on Pricing Level IV until such time as an appropriate compliance certificate and related financial statements and information are delivered, whereupon the applicable Pricing Level shall be adjusted based on the information contained in such compliance certificate and related financial statements and information.

Each Applicable Percentage shall be effective from a Rate Determination Date until the next such Rate Determination Date. The Administrative Agent shall determine the appropriate Applicable Percentages in the pricing matrix promptly upon receipt of the quarterly or annual compliance certificate and related financial information and shall promptly notify the Borrower and the Lenders of any change thereof. Such determinations by the Administrative Agent shall be conclusive absent manifest error. Adjustments in the Applicable Percentages shall be effective as to existing Extensions of Credit as well as new Extensions of Credit made thereafter.

"Approved Bank" shall have the meaning given such term in the

definition of "Cash Equivalents".

"Asset Disposition" means, other than a Securitization Transaction and

the Excluded Asset Dispositions, (i) the sale, lease or other disposition of any property or asset by any member of the Consolidated Group, other than any such sale permitted by Sections 8.4(b) and other than to the extent permitted by Section 8.5, and (ii) receipt by any member of the Consolidated Group of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their property or assets.

"Bankruptcy Code" means the Bankruptcy Code in Title 11 of the United

States Code, as amended, modified, succeeded or replaced from time to time.

"Bankruptcy Event" means, with respect to any Person, the occurrence

of any of the following with respect to such Person: (i) a court or governmental agency having jurisdiction in the premises shall enter a decree or order for relief in respect of such Person in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of its Property or ordering the winding up or liquidation of its affairs; or (ii) there shall be commenced against such Person an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or any case, proceeding or other action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar

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official) of such Person or for any substantial part of its Property or for the winding up or liquidation of its affairs, and such involuntary case or other case, proceeding or other action shall remain undismissed, undischarged or unbonded for a period of sixty (60) consecutive days; or (iii) such Person shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of its Property or make any general assignment for the benefit of creditors; or (iv) such Person shall be unable to, or shall admit in writing its inability to, pay its debts generally as they become due.

"Base Rate" means, for any day, the rate per annum (rounded upwards,

if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the greater of (a) the Federal Funds Rate in effect on such day plus 1/2 of 1%

or (b) the Prime Rate in effect on such day. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable after due inquiry to ascertain the Federal Funds Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms hereof, the Base Rate shall be determined without regard to clause (a) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Rate, respectively.

"Base Rate Loan" means any Loan bearing interest at a rate determined

by reference to the Base Rate.

"Borrower" means Navigant International, Inc., a Delaware corporation,

as referenced in the opening paragraph, its successors and permitted

assigns.

"Business Day" means a day other than a Saturday, Sunday or other day

on which commercial banks in Charlotte, North Carolina or New York, New York are authorized or required by law to close, except that, when used in

connection with a Eurodollar Loan, such day shall also be a day on which dealings between banks are carried on in U.S. dollar deposits in London, England.

"Capital Expenditures" means, for any period, without duplication, all

expenditures (whether paid in cash or other consideration) during such period that, in accordance with GAAP, are or should be included in additions to property, plant and equipment or similar items reflected in the consolidated statement of cash flows for such period; provided, that

Capital Expenditures shall not include, for purposes hereof, (i) expenditures of proceeds of insurance settlements, condemnation awards and other settlements in respect of lost, destroyed, damaged or condemned assets, equipment or other property to the extent such expenditures are made to replace or repair such lost, destroyed, damaged or condemned assets, equipment or other property or other otherwise

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to acquire assets or properties useful in the business of the members of the Consolidated Group within 12 months of receipt of such proceeds.

"Capital Lease" means, as applied to any Person, any lease of any

Property (whether real, personal or mixed) by that Person as lessee which, in accordance with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"Capital Lease Obligation" means the capital lease obligations

relating to a Capital Lease determined in accordance with GAAP.

"Cash Equivalents" means (a) securities issued or directly and fully

guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (b) U.S. dollar denominated time deposits and certificates of deposit of (i) any Lender, or (ii) any domestic commercial bank of recognized standing (y) having capital and surplus in excess of \$500,000,000 and (z) whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an "Approved Bank"), in each case with maturities of not more

than 270 days from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within six months of the date of acquisition, (d) repurchase agreements entered into by a Person with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States of America in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations, (e) obligations of any State of the United States or any political subdivision thereof, the interest with respect to which is exempt from federal income taxation under Section 103 of the Code, having a long term rating of at least AA- or Aa-3 by S&P or Moody's, respectively, and maturing within three years from the date of acquisition thereof, (f) Investments in municipal auction preferred stock (i) rated AAA (or the equivalent thereof) or better by S&P or Aaa (or the equivalent thereof) or better by Moody's and (ii) with dividends that reset at least once every 365 days and (g) Investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by reputable financial institutions having capital of at least \$100,000,000 and the portfolios of which are limited to Investments of the character described in the foregoing subdivisions (a) through (f).

"Change of Control" means the occurrence of any of the following

events: (i) any Person or two or more Persons acting in concert shall have acquired beneficial ownership, directly or indirectly, of, or shall have

entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of or control over, Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 35% or more of the combined voting power of all Voting Stock of the Borrower, or (ii) during any period of up to 24 consecutive months, commencing after the Closing Date, individuals who at the beginning of such 24 month period were directors of the Borrower (together with any new director whose election by the Borrower's Board of Directors or whose nomination for election by the Borrower's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors of the Borrower then in office. As used herein, "beneficial ownership" shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934.

"Closing Date" means the date hereof.

"Code" means the Internal Revenue Code of 1986, as amended, and any

successor statute thereto, as interpreted by the rules and regulations issued thereunder, in each case as in effect from time to time. References to sections of the Code shall be construed also to refer to any successor sections.

"Commitment" means the Revolving Commitment, the LOC Commitment and

the Swingline Commitment.

"Commitment Fee" shall have the meaning given such term in Section

3.5(a).

"Commitment Percentage" means the Revolving Commitment Percentage.

"Commitment Period" means the period from and including the Closing

Date to but not including the earlier of (i) the Termination Date, or (ii) the date on which the Commitments terminate in accordance with the provisions of this Credit Agreement.

"Consolidated EBITDA" means for any period for the Consolidated Group,

the sum of Consolidated Net Income plus Consolidated Interest Expense plus

all provisions for any Federal, state or other domestic and foreign income taxes plus depreciation and amortization plus one-time non-recurring

restructuring charges deducted in calculating Consolidated Net Income, in each case on a consolidated basis determined in accordance with GAAP, but including pro forma historical EBITDA from acquisitions adjusted for salaries, owners' perks and other items reasonably eliminated pursuant to contractual provisions and excluding for purposes hereof extraordinary gains and losses and related tax effects thereon. Except as otherwise expressly provided, the applicable period shall be for the four consecutive fiscal quarters ending as of the date of determination.

"Consolidated EBITDAR" means, for any period, the sum of (i)

Consolidated EBITDA for such period plus (ii) to the extent deducted in determining Consolidated EBITDA for such period, Consolidated Rental Expense for such period.

"Consolidated Fixed Charge Coverage Ratio" means for any period, the

ratio of Consolidated EBITDAR to Consolidated Fixed Charges.

"Consolidated Fixed Charges" means for any period for the Consolidated

Group, the sum of Consolidated Interest Expense plus Consolidated Rental

Expense, in each case on a consolidated basis determined in accordance with GAAP. Except as otherwise expressly provided, the applicable period shall be for the four consecutive fiscal quarters ending as of the date of

determination.

"Consolidated Funded Debt" means Funded Debt of the Consolidated Group

determined on a consolidated basis in accordance with GAAP.

"Consolidated Group" means the Borrower and its consolidated

subsidiaries, as determined in accordance with GAAP.

"Consolidated Interest Expense" means for any period for the

Consolidated Group, all interest expense, including the amortization of
debt discount and premium, the interest component under Capital Leases and
the implied interest component under Securitization Transactions, in each
case on a consolidated basis determined in accordance with GAAP. Except as
expressly provided otherwise, the applicable period shall be for the four
consecutive quarters ending as of the date of determination.

"Consolidated Leverage Ratio" means, as of the last day of any fiscal

quarter, the ratio of Consolidated Funded Debt on such day to Consolidated
EBITDA for the period of four consecutive fiscal quarters ending as of such
day.

"Consolidated Net Income" means for any period for the Consolidated

Group, net income on a consolidated basis determined in accordance with
GAAP. Except as expressly provided otherwise, the applicable period shall
be for the four consecutive quarters ending as of the date of
determination.

"Consolidated Net Worth" means, as for any date for the Consolidated

Group, shareholders' equity or net worth as determined in accordance with
GAAP.

"Consolidated Rental Expense" means, for any period, rental expense

under Operating Leases of the Consolidated Group on a consolidated basis
for such period, as determined in accordance with GAAP.

"Contractual Obligation" means, as to any Person, any provision of any

security issued by such Person or of any material agreement, instrument or
undertaking to which such Person is a party or by which it or any of its
property is bound.

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"Credit Documents" means a collective reference to this Credit

Agreement, the Notes, the LOC Documents, the Pledge Agreement, the Security
Agreement, each Joinder Agreement, the Administrative Agent's Fee Letter,
and all other related agreements and documents issued or delivered
hereunder or thereunder or pursuant hereto or thereto.

"Credit Party" means any of the Borrower and the Guarantors.

"Default" means any event, act or condition which with notice or lapse

of time, or both, would constitute an Event of Default.

"Defaulting Lender" means, at any time, any Lender that, at such time,

(i) has failed to make an Extension of Credit required pursuant to the
terms of this Credit Agreement, (ii) has failed to pay to the
Administrative Agent or any Lender an amount owed by such Lender pursuant
to the terms of the Credit Agreement or any other of the Credit Documents,
or (iii) has been deemed insolvent or has become subject to a bankruptcy or
insolvency proceeding or to a receiver, trustee or similar proceeding.

"Dollars" and "\$" means dollars in lawful currency of the United

States of America.

"Domestic Credit Party" means any Credit Party which is incorporated

or organized under the laws of any State of the United States or the
District of Columbia.

"Domestic Subsidiary" means any Subsidiary which is incorporated or

organized under the laws of any State of the United States or the District of Columbia.

"Environmental Laws" means any and all lawful and applicable Federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"Equity Transaction" means, with respect to any member of the Consolidated Group, any issuance of shares of its capital stock or other equity interest, other than an issuance (i) to a member of the Consolidated Group, (ii) in connection with a conversion of debt securities to equity or (iii) in connection with exercise by a present or former employee, officer or director under a stock incentive plan, stock option plan or other equity-based compensation plan or arrangement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto, as interpreted by the rules and regulations

thereunder, all as the same may be in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means an entity which is under common control with any Credit Party within the meaning of Section 4001(a)(14) of ERISA, or is a member of a group which includes the Borrower and which is treated as a single employer under Sections 414(b) or (c) of the Code.

"ERISA Event" means (i) with respect to any Plan, the occurrence of a Reportable Event or the substantial cessation of operations (within the meaning of Section 4062(e) of ERISA); (ii) the withdrawal by the Borrower, any Subsidiary of the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a substantial employer (as such term is defined in Section 4001(a)(2) of ERISA), or the termination of a Multiple Employer Plan; (iii) the distribution of a notice of intent to terminate or the actual termination of a Plan pursuant to Section 4041(a)(2) or 4041A of ERISA; (iv) the institution of proceedings to terminate or the actual termination of a Plan by the PBGC under Section 4042 of ERISA; (v) any event or condition which would reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (vi) the complete or partial withdrawal of the Borrower, any Subsidiary of the Borrower or any ERISA Affiliate from a Multiemployer Plan; (vii) the conditions for imposition of a lien under Section 302(f) of ERISA exist with respect to any Plan; or (viii) the adoption of an amendment to any Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA.

"Eurodollar Loan" means any Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

"Eurodollar Rate" means, for the Interest Period for each Eurodollar Loan comprising part of the same borrowing (including conversions, extensions and renewals), a per annum interest rate determined pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Interbank Offered Rate}}{1 - \text{Eurodollar Reserve Percentage}}$$

"Eurodollar Reserve Percentage" means for any day, that percentage (expressed as a decimal) which is in effect from time to time under Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as such regulation may be amended from time to time or any successor regulation, as the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special, or

marginal reserves) applicable with respect to Eurocurrency liabilities as that term is defined in Regulation D (or against any other category of liabilities that includes deposits by reference to which the interest rate of Eurodollar Loans is determined), whether or not Lender has any Eurocurrency liabilities subject to such reserve requirement at that time. Eurodollar Loans shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may

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be available from time to time to a Lender. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default" means such term as defined in Section 9.1.

"Excess Funding Guarantor" shall have the meaning given such term in

Section 4.6.

"Excess Payment" shall have the meaning given such term in Section

4.6.

"Excluded Asset Disposition" means the real property owned by the

Borrower and commonly known as 32 Market Avenue S.W., Grand Rapids, MI 49503, and 112 Prospect Street, Stamford, CT 06901.

"Existing Letters of Credit" means those Letters of Credit outstanding

on the Closing Date and identified on Schedule 2.2(b)-1.

"Extension of Credit" means, as to any Lender, the making of, or

participation in, a Loan by such Lender or the issuance or extension of, or participation in, a Letter of Credit.

"Fees" means all fees payable pursuant to Section 3.5.

"Federal Funds Rate" means, for any day, the rate of interest per

annum (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%) 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 by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (A) if such day is not a Business Day, the Federal Funds Rate

for such day shall be such rate on such transactions on the next preceding Business Day and (B) if no such rate is so published on such next preceding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as determined by the Administrative Agent.

"Foreign Credit Party" means a Credit Party which is not a Domestic

Credit Party.

"Foreign Subsidiary" means a Subsidiary which is not a Domestic

Subsidiary.

"Funded Debt" means, with respect to any Person, without duplication,

(i) all Indebtedness of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (iii) all purchase money Indebtedness (including for purposes hereof, indebtedness and obligations described in clauses (iii) and (iv) of the definition of "Indebtedness") of such Person, including without limitation the principal

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portion of all obligations of such Person under Capital Leases, (iv) all Support Obligations of such Person with respect to Funded Indebtedness of another Person, (v) the maximum available amount of all standby letters of credit or acceptances issued or created for the account of such Person,

(vi) all Funded Debt of another Person secured by a Lien on any Property of such Person, whether or not such Funded Indebtedness has been assumed, provided that for purposes hereof the amount of such Funded Debt shall be

limited to the greater of (A) the amount of such Funded Debt as to which there is recourse to such Person and (B) the fair market value of the property which is subject to the Lien, (vii) the outstanding attributed principal amount under any Securitization Transaction, and (viii) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product to which such Person is a party, where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP. The Funded Debt of any Person shall include the Funded Debt of any partnership or joint venture in which such Person is a general partner or joint venturer, but only to the extent to which there is recourse to such Person for the payment of such Funded Debt.

"GAAP" means generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3 hereof.

"Governmental Authority" means any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantor" means each of those Persons identified as a "Guarantor" on the signature pages hereto, and each other Person which may hereafter become a Guarantor by execution of a Joinder Agreement, together with their successors and permitted assigns.

"Guaranteed Obligations" means, as to each Guarantor, without duplication, (i) all obligations of the Borrower (including interest accruing after a Bankruptcy Event, regardless of whether such interest is allowed as a claim under the Bankruptcy Code) to the Lenders and the Administrative Agent, whenever arising, under this Credit Agreement, the Notes or the Credit Documents, and (ii) all liabilities and obligations, whenever arising, owing from the Borrower to any Lender, or any Affiliate of a Lender, arising under any Hedging Agreement relating to Obligations hereunder.

"Hedging Agreements" means any interest rate protection agreement or foreign currency exchange agreement between the Borrower and any Lender, or any Affiliate of a Lender.

"Indebtedness" of any Person means (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (iii) all obligations of such Person under conditional sale or other title retention agreements relating to Property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (iv) all

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obligations of such Person issued or assumed as the deferred purchase price of Property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (v) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements, (vi) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, Property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, provided that for purposes hereof the

amount of such Indebtedness shall be limited to the greater of (A) the amount of such Indebtedness as to which there is recourse to such Person and (B) the fair market value of the property which is subject to the Lien, (vii) all Support Obligations of such Person, (viii) the principal portion of all obligations of such Person under Capital Leases, (ix) all obligations of such Person in respect of interest rate protection agreements, foreign currency exchange agreements, commodity purchase or option agreements or other interest or exchange rate or commodity price hedging agreements (including, but not limited to, the Hedging Agreements), (x) the maximum amount of all standby letters of credit issued or bankers'

acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (xi) all preferred stock issued by such Person and required by the terms thereof to be redeemed, or for which mandatory sinking fund payments are due, by a fixed date, (xii) the outstanding attributed principal amount under any Securitization Transaction and (xiii) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product to which such Person is a party, where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, but only to the extent to which there is recourse to such Person for payment of such Indebtedness.

"Intellectual Property" shall have the meaning given such term in

Section 6.9.

"Interbank Offered Rate" means, for the Interest Period for each

Eurodollar Loan comprising part of the same borrowing (including conversions, extensions and renewals), a per annum interest rate (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the rate of interest, determined by the Administrative Agent on the basis of the offered rates for deposits in dollars for a period of time corresponding to such Interest Period (and commencing on the first day of such Interest Period), appearing on Telerate Page 3750 (or, if, for any reason, Telerate Page 3750 is not available, the Reuters Screen LIBO Page) as of approximately 11:00 A.M. (London time) two (2) Business Days before the first day of such Interest Period. As used herein, "Telerate Page 3750" means the display designated as page 3750 by Dow Jones Markets, Inc. (or such other page as may replace such page on that service for the purpose of displaying the British Bankers Association London interbank offered rates) and "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such

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other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks).

"Interest Payment Date" means (i) as to any Base Rate Loan, the last

day of each March, June, September and December, the date of repayment of principal of such Loan and the Termination Date and (ii) as to any Eurodollar Loan and Swingline Loan, the last day of each Interest Period for such Loan, the date of repayment of principal of such Loan and the Termination Date, and in addition where the applicable Interest Period is more than three months, then also on the date three months from the beginning of the Interest Period, and each three months thereafter. If an Interest Payment Date falls on a date which is not a Business Day, such Interest Payment Date shall be deemed to be the next succeeding Business Day.

"Interest Period" means (i) as to any Eurodollar Loan, a period of

one, two, three or six month's duration, as the Borrower may elect, commencing in each case, on the date of the borrowing (including conversions, extensions and renewals), and (ii) as to any Swingline Loan, a period of such duration, not to exceed 30 days, as the Borrower may request and the Swingline Lender may agree in accordance with the provisions of Section 2.2(b) (i), commencing in each case, on the date of borrowing,; provided, however, (A) if any Interest Period would end on a day which is

not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except that in the case of Eurodollar Loans where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (B) no Interest Period shall extend beyond the Termination Date, and (C) in the case of Eurodollar Loans, where an Interest Period begins on a day for which there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall end on the last day of such calendar month.

"Investment", in any Person, means any loan or advance to such Person,

any purchase or other acquisition of any capital stock, warrants, rights, options, obligations or other securities of, or equity interest in, such Person, any capital contribution to such Person or any other investment in such Person, including, without limitation, any Support Obligation incurred for the benefit of such Person.

"IPO" means the completion of the initial public offering of common

stock, par value \$.001 per share, of the Borrower.

"Issuing Lender" means, initially, NationsBank and, hereafter, any

Lender which the Borrower may request and such Lender may agree.

"Issuing Lender Fees" shall have the meaning assigned to such term in

Section 3.5(b)(ii).

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"Joinder Agreement" means a Joinder Agreement substantially in the

form of Schedule 7.11-1 hereto, executed and delivered by an Additional

Credit Party in accordance with the provisions of Section 7.11.

"Lenders" means each of the Persons identified as a "Lender" on the

signature pages hereto, and their successors and assigns.

"Letter of Credit" means the Existing Letters of Credit and any letter

of credit issued by the Issuing Lender for the account of the Borrower in
accordance with the terms of Section 2.2.

"Letter of Credit Fee" shall have the meaning given such term in

Section 3.5(b)(i).

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit

arrangement, security interest, encumbrance, lien (statutory or otherwise),
preference, priority or charge of any kind (including any agreement to give
any of the foregoing, any conditional sale or other title retention
agreement, any financing or similar statement or notice filed under the
Uniform Commercial Code as adopted and in effect in the relevant
jurisdiction or other similar recording or notice statute, and any lease in
the nature thereof).

"Loan" or "Loans" means the Revolving Loans and/or Swingline Loans.

"LOC Commitment" means the commitment of the Issuing Lender to issue,

and to honor payment obligations under, Letters of Credit hereunder and
with respect to each Lender, the commitment of each Lender to purchase
participation interests in the Letters of Credit up to such Lender's LOC
Committed Amount as specified in Schedule 2.1(a), as such amount may be

reduced from time to time in accordance with the provisions hereof.

"LOC Committed Amount" means, collectively, the aggregate amount of

all of the LOC Commitments of the Lenders to issue and participate in
Letters of Credit as referenced in Section 2.2(a) and, individually, the
amount of each Lender's LOC Commitment as specified in Schedule 2.1(a).

"LOC Documents" means, with respect to any Letter of Credit, such

Letter of Credit, any amendments thereto, any documents delivered in
connection therewith, any application therefor, and any agreements,
instruments, guarantees or other documents (whether general in application
or applicable only to such Letter of Credit) governing or providing for (i)
the rights and obligations of the parties concerned or at risk or (ii) any
collateral security for such obligations.

"LOC Obligations" means, at any time, the sum of (i) the maximum

amount which is, or at any time thereafter may become, available to be
drawn under Letters of Credit then outstanding, assuming compliance with
all requirements for drawings referred to in such Letters of Credit plus

(ii) the aggregate amount of all drawings under Letters of Credit honored
by the Issuing Lender but not theretofore reimbursed.

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"Material Adverse Effect" means a material adverse effect on (i) the

condition (financial or otherwise), operations, business, assets, liabilities or prospects of the Consolidated Group taken as a whole, (ii) the ability of the Credit Parties taken as a whole to perform any material obligation under the Credit Documents to which it is a party or (iii) the rights and remedies of the Lenders under the Credit Documents.

"Materials of Environmental Concern" means any gasoline or petroleum

(including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Laws, including, without limitation, asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"Moody's" means Moody's Investors Service, Inc., or any successor or

assignee of the business of such company in the business of rating securities.

"Multiemployer Plan" means a Plan which is a multiemployer plan as

defined in Sections 3(37) or 4001(a)(3) of ERISA.

"Multiple Employer Plan" means a Plan which the Borrower, any

Subsidiary of the Borrower or any ERISA Affiliate and at least one employer other than the Borrower, any Subsidiary of the Borrower or any ERISA Affiliate are contributing sponsors.

"NationsBank" means NationsBank, N.A. and its successors.

"Net Proceeds" means gross cash proceeds (including any cash received

by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when received) received in connection with an Asset Disposition or Equity Transaction, net of (i) reasonable transaction costs, including in the case of an Equity Transaction, underwriting discounts and commissions and in the case of an Asset Disposition occurring in connection with a claim under an insurance policy, costs incurred in connection with adjustment and settlement of the claim, (ii) estimated taxes payable in connection therewith, and (iii) in the case of an Asset Disposition, any amounts payable in respect of Funded Debt, including without limitation principal, interest, premiums and penalties, which is secured by, or otherwise related to, any property or asset which is the subject thereof to the extent that such Funded Debt and any payments in respect thereof are paid with a portion of the proceeds therefrom.

"Non-Excluded Taxes" means such term as is defined in Section 3.10(a).

"Non-Guarantor Subsidiaries" shall have the meaning given such term in

Section 7.11(a).

"Note" or "Notes" means the promissory notes of the Borrower in favor

of each of the Lenders evidencing the Revolving Loans and Swingline Loans in substantially the

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form attached as Schedule 2.1(e), individually or collectively, as

appropriate, as such promissory notes may be amended, modified, supplemented, extended, renewed or replaced from time to time.

"Notice of Borrowing" means a written notice of borrowing in

substantially the form of Schedule 2.1(b)(i), as required by Section

2.1(b)(i).

"Notice of Extension/Conversion" means the written notice of extension

or conversion in substantially the form of Schedule 3.2, as required by

Section 3.2.

"Obligations" means, collectively, the Revolving Loans, Swingline

Loans and the LOC Obligations.

"Operating Lease" means, as applied to any Person, any lease

(including, without limitation, leases which may be terminated by the lessee at any time) of any Property (whether real, personal or mixed) which is not a Capital Lease other than any such lease in which that Person is the lessor.

"Participation Interest" means the purchase by a Lender of a

participation in Swingline Loans as provided in Section 2.2(b)(iii) and in Loans as provided in Section 3.13.

"PBGC" means the Pension Benefit Guaranty Corporation established

pursuant to Subtitle A of Title IV of ERISA and any successor thereof.

"Permitted Investments" means Investments which are either (i) cash

and Cash Equivalents; (ii) accounts receivable created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; (iii) Investments consisting of stock, obligations, securities or other property received in settlement of accounts receivable (created in the ordinary course of business) from bankrupt obligors; (iv) Investments existing as of the Closing Date and set forth in Schedule 8.5, (v) Support Obligations permitted by Section 8.1(h);

(vi) acquisitions permitted by Section 8.4(c); (vii) transactions permitted by Section 8.6, (viii) advances or loans to employees, directors, officers or agents not to exceed \$200,000 in the aggregate at any time outstanding; (ix) advances or loans to customers or suppliers that do not exceed \$750,000 in the aggregate at any one time outstanding, (x) Investments by a member of the Consolidated Group or an Affiliate of a member of the Consolidated Group in connection with a Permitted Securitization Transaction, (xi) Investments by members of the Consolidated Group in their Subsidiaries and Affiliates existing on the Closing Date, (xii) Investments by members of the Consolidated Group in and to a Credit Party and (xiii) other loans, advances and investments of a nature not contemplated in the foregoing subsections in an amount not to exceed \$1,000,000 in the aggregate at any time outstanding.

"Permitted Liens" means:

(i) Liens in favor of the Administrative Agent on behalf of the Lenders;

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(ii) Liens in favor of a Lender or an Affiliate of a Lender pursuant to a Hedging Agreement permitted hereunder, but only (A) to the extent such Liens secure obligations under such agreements or indebtedness permitted under Section 8.1, (B) to the extent such Liens are on the same collateral as to which the Lenders also have a Lien and (C) if such provider and the Lender shall share *pari passu* in the

collateral subject to such Liens;

(iii) Liens (other than Liens created or imposed under ERISA) for taxes, assessments or governmental charges or levies not yet due or Liens for taxes being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established (and as to which the Property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof);

(iv) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and suppliers and other Liens imposed by law or pursuant to customary reservations or retentions of title arising in the ordinary course of business, provided that such

Liens secure only amounts not yet due and payable or, if due and payable, are unfiled and no other action has been taken to enforce the same or are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established (and as to which the Property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof);

(v) Liens (other than Liens created or imposed under ERISA) incurred or deposits made by the Borrower and its Subsidiaries in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(vi) Liens in connection with attachments or judgments (including judgment or appeal bonds) provided that the judgments

secured shall, within 30 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall have been discharged within 30 days after the expiration of any such stay;

(vii) easements, rights-of-way, restrictions (including zoning restrictions), minor defects or irregularities in title and other similar charges or encumbrances not, in any material respect, impairing the use of the encumbered Property for its intended purposes;

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(viii) Liens securing purchase money and sale/leaseback Indebtedness (including Capital Leases) to the extent permitted under Section 8.1(c), provided that any such Lien attaches only to the

Property financed or leased and such Lien attaches thereto concurrently with or within 90 days after the acquisition thereof in connection with the purchase money transactions and within 30 days after the closing of any sale/leaseback transaction;

(ix) leases or subleases granted to others not interfering in any material respect with the business of any member of the Consolidated Group;

(x) any interest of title of a lessor under, and Liens arising from UCC financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to, leases permitted by this Credit Agreement;

(xi) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(xii) Liens created or deemed to exist in connection with a Permitted Securitization Transaction (including any related filings of any financing statements), but only to the extent that any such Lien relates to the applicable receivables and related property actually sold, contributed or otherwise conveyed pursuant to such transaction;

(xiii) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 8.5;

(xiv) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions;

(xv) Liens granted to holders of Seller Subordinated Debt so long as (a) such Liens relate solely to the assets purchased from such holder(s), (b) such Liens are subordinate to the Liens granted to the Lenders, and (c) the holders of such Seller Subordinated Debt agree to stand still provisions and provisions not to contest the validity of the Lenders' Liens satisfactory to the Required Lenders; and

(xvi) Liens existing as of the Closing Date and set forth on Schedule 6.8; provided that (a) no such Lien shall at any time be

extended to or cover any Property other than the Property subject thereto on the Closing Date and (b) the principal amount of the Indebtedness secured by such Liens shall not be extended, renewed, refunded or refinanced.

"Permitted Securitization Transaction" means any Securitization

Transaction; provided that (i) the Administrative Agent and the Required

Lenders shall be reasonably satisfied with the structure and documentation for any such transaction and that the terms

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of such transaction entered into after the Closing Date, including the discount applicable to the receivables which are subject of such financing and any termination events, shall be (in the good faith understanding of the Administrative Agent and the Required Lenders) consistent with those prevailing in the market at the time of commitment thereto for similar transactions involving a receivables originator/servicer of similar credit quality and a receivables pool or other similar characteristics and (ii) the documentation for such transaction shall not be amended or modified in a way which is materially detrimental to the Lenders without the prior

written approval of the Administrative Agent and the Required Lenders.

"Person" means any individual, partnership, joint venture, firm,

corporation, limited liability company, association, trust or other
enterprise (whether or not incorporated) or any Governmental Authority.

"Plan" means any employee benefit plan (as defined in Section 3(3) of

ERISA) which is covered by ERISA and with respect to which the Borrower,
any Subsidiary of the Borrower or any ERISA Affiliate is (or, if such plan
were terminated at such time, would under Section 4069 of ERISA be deemed
to be) an "employer" within the meaning of Section 3(5) of ERISA.

"Pledge Agreement" means the Pledge Agreement dated as of the Closing

Date given by the Borrower and the other pledgors identified therein to
NationsBank, N.A., as Administrative Agent, to secure the obligations
hereunder, as amended and modified.

"Prime Rate" means the rate of interest per annum publicly announced

from time to time by NationsBank as its prime rate in effect at its
principal office in Charlotte, North Carolina, with each change in the
Prime Rate being effective on the date such change is publicly announced as
effective (it being understood and agreed that the Prime Rate is a
reference rate used by NationsBank in determining interest rates on certain
loans and is not intended to be the lowest rate of interest charged on any
extension of credit by NationsBank to any debtor).

"Pro Forma Basis" means, with respect to any Transaction, that such

Transaction shall be deemed to have occurred as of the first day of the
four fiscal-quarter period ending as of the most recent fiscal quarter end
preceding the date of such Transaction with respect to which the
Administrative Agent and the Lenders have received the officer's
certificate in accordance with the provisions of Section 7.2(b). As used
herein, "Transaction" means (i), any corporate merger or consolidation as
referred to in Section 8.4(a), (ii) any sale or other disposition of assets
as referred to in Section 8.4(b), (iii) any acquisition of capital stock or
securities or any purchase, lease or other acquisition of property as
referred to in Section 8.4(c) or (iv) the making of any Restricted Payment
as referred to in Section 8.10.

"Pro Rata Share" shall have the meaning given such term in Section

4.6.

"Property" means any interest in any kind of property or asset,

whether real, personal or mixed, or tangible or intangible.

"Rate Determination Date" shall have the meaning given such term in

the definition of "Applicable Percentage".

"Register" shall have the meaning given such term in Section 11.3(c).

"Regulation T, U or X" means Regulation T, U or X, respectively, of

the Board of Governors of the Federal Reserve System as from time to time
in effect and any successor to all or a portion thereof.

"Release" means any spilling, leaking, pumping, pouring, emitting,

emptying, discharging, injecting, escaping, leaching, dumping or disposing
into the environment (including the abandonment or discarding of barrels,
containers and other closed receptacles containing any Materials of
Environmental Concern).

"Reportable Event" means any of the events set forth in Section

4043(c) of ERISA, other than those events as to which the notice
requirement has been waived by regulation.

"Required Lenders" means, at any time, Lenders having more than fifty

percent (50%) of the Commitments, or if the Commitments have been
terminated, Lenders having more than fifty percent (50%) of the aggregate
principal amount of the Obligations outstanding (taking into account in
each case Participation Interests or obligation to participate therein);

provided that the Commitments of, and outstanding principal amount of

Obligations (taking into account Participation Interests therein) owing to, a Defaulting Lender shall be excluded for purposes hereof in making a determination of Required Lenders.

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

"Responsible Officer" means the Chief Executive Officer, the Chief Financial Officer, the Controller, any Vice President and the General Counsel.

"Restricted Payment" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock now or hereafter outstanding, except (A) a dividend payable solely in shares of that class to the holders of that class and (B) dividends and other distributions payable to a Credit Party, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock now or hereafter outstanding, and (iii) any payment made to

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retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock now or hereafter outstanding.

"Revolving Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans in an aggregate principal amount at any time outstanding of up to such Lender's Commitment Percentage of the Aggregate Revolving Committed Amount as specified in Schedule 2.1(a), as such amount may be reduced from time to time in accordance with the provisions hereof.

"Revolving Commitment Percentage" means, for each Lender, a fraction (expressed as a decimal) the numerator of which is the Revolving Commitment of such Lender at such time and the denominator of which is the Aggregate Revolving Committed Amount at such time. The initial Revolving Commitment Percentages are set out on Schedule 2.1(a).

"Revolving Committed Amount" means, collectively, the aggregate amount of all of the Revolving Commitments and, individually, the amount of each Lender's Revolving Commitment as specified in Schedule 2.1(a).

"Revolving Loans" shall have the meaning assigned to such term in Section 2.1(a).

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., or any successor or assignee of the business of such division in the business of rating securities.

"Securitization Transaction" means any financing transaction or series of financing transactions that have been or may be entered into by a member of the Consolidated Group pursuant to which such member of the Consolidated Group may sell, convey or otherwise transfer to (i) a Subsidiary or affiliate (a "Securitization Subsidiary"), or (ii) any other Person, or may grant a security interest in, any receivables or interests therein secured by merchandise or services financed thereby (whether such receivables are then existing or arising in the future) of such member of the Consolidated Group, and any assets related thereto, including without limitation, all security interests in merchandise or services financed thereby, the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization transactions involving such assets.

"Security Agreement" means the Security Agreement dated as of the

Closing Date given by the Borrower and the other grantors identified therein to NationsBank, N.A., as Administrative Agent, to secure the obligations hereunder, as amended and modified.

"Seller Subordinated Debt" means Subordinated Debt issued to a seller

in connection with an acquisition permitted under Section 8.4 of the Credit Agreement.

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"Single Employer Plan" means any Plan which is covered by Title IV of

ERISA, but which is not a Multiemployer Plan or a Multiple Employer Plan.

"Spin-Off Transaction" shall mean the spin-off of the Borrower from

U.S. Office Products, Inc.

"Subordinated Debt" means any Indebtedness of a member of the

Consolidated Group which by its terms is expressly subordinated in right of payment to the prior payment of the obligations under the Credit Agreement and the other Credit Documents on terms and conditions satisfactory to the Required Lenders.

"Subsidiary" means, as to any Person, (a) any corporation more than

50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries, and (b) any partnership, association, joint venture or other entity in which such Person directly or indirectly through Subsidiaries has more than 50% of the voting interests at any time. Unless otherwise identified, "Subsidiary" or "Subsidiaries" shall mean Subsidiaries of the Borrower.

"Support Obligations" means, with respect to any Person, without

duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (i) to purchase any such Indebtedness or any Property constituting security therefor, (ii) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (iii) to lease or purchase Property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (iv) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Support Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Support Obligation is made.

"Swingline Commitment" means the commitment of the Swingline Lender to

make Swingline Loans in an aggregate principal amount at any time outstanding up to the Swingline Committed Amount and the commitment of the Lenders to purchase participation interests in the Swingline Loans up to their respective Revolving Commitment Percentage as provided in Section 2.3(b) (iii), as such amounts may be reduced from time to time in accordance with the provisions hereof.

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"Swingline Committed Amount" means the amount of the Swingline

Lender's Commitment as specified in Section 2.3(a).

"Swingline Lender" means NationsBank or its successor.

"Swingline Loan" means a swingline revolving loan made by the

Swingline Lender pursuant to the provisions of Section 2.3.

"Termination Date" means June 9, 2003 (five years from the Closing Date), or if extended with the written consent of each of the Lenders, such later date as to which the Termination Date may be extended.

"Threshold Requirement" shall have the meaning given such term in Section 7.11(a).

"Transaction" shall have the meaning given such term in the definition of "Pro Forma Basis".

"Voting Stock" means, with respect to any Person, capital stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

"Wholly Owned Subsidiary" of any Person means any Subsidiary 100% of whose Voting Stock or other equity interests is at the time owned by such Person directly or indirectly through other Wholly Owned Subsidiaries.

1.2 Computation of Time Periods.

For purposes of computation of periods of time hereunder, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

1.3 Accounting Terms.

Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lenders hereunder shall be prepared, in accordance with GAAP. All calculations made for the purposes of determining compliance with this Credit Agreement shall (except as otherwise expressly provided herein) be made by application of GAAP applied on a basis consistent with the most recent annual or quarterly financial statements delivered pursuant to Section 7.1 hereof (or, prior to the delivery of the first financial statements pursuant to Section 7.1 hereof, consistent with the annual audited financial statements referenced in Section 6.1(i) hereof); provided, however, if (a) the Borrower shall object to determining such compliance on such basis at the time of delivery of such financial statements due to any change in GAAP or the rules promulgated with respect thereto or (b) the Administrative Agent or the Required Lenders shall so

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object in writing within 30 days after delivery of such financial statements, then such calculations shall be made on a basis consistent with the most recent financial statements delivered by the Borrower to the Lenders as to which no such objection shall have been made.

It is further acknowledged and agreed that, except as expressly provided otherwise, for purposes of determining the Applicable Percentage and compliance with the financial covenants in Section 7.9 (and compliance therewith on a Pro Forma Basis), in the case of acquisitions and dispositions which have occurred during the applicable period to the extent permitted hereunder, adjustments shall be made to take into account historical performance (reflecting adjustments in income for elimination of salaries, owners' perks and other items reasonably eliminated pursuant to contractual provisions) relating thereto during such applicable period prior to the date of such acquisition or disposition, and the effect of any Indebtedness paid with proceeds from a disposition, provided that coverage items (relating to interest and rental expense and other such items, under Consolidated EBITDA, Consolidated Fixed Charges or the like) shall be determined by annualization from the date of acquisition of disposition rather than by reference to historical performance relating prior the date of acquisition or disposition.

SECTION 2 CREDIT FACILITIES

2.1 Revolving Loans.

(a) Revolving Commitment. During the Commitment Period, subject to the

terms and conditions hereof, each Lender severally agrees to make revolving
credit loans (the "Revolving Loans") to the Borrower from time to time in the

amount of such Lender's Revolving Commitment Percentage of such Revolving Loans
for the purposes hereinafter set forth; provided that (i) with regard to the

Lenders collectively, the aggregate principal amount of Obligations outstanding
at any time shall not exceed the Aggregate Revolving Committed Amount, and (ii)
with regard to each Lender individually, such Lender's Revolving Commitment
Percentage of Obligations outstanding at any time shall not exceed such Lender's
Revolving Committed Amount. Revolving Loans may consist of Base Rate Loans or
Eurodollar Loans, or a combination thereof, as the Borrower may request, and may
be repaid and reborrowed in accordance with the provisions hereof.

(b) Revolving Loan Borrowings.

(i) Notice of Borrowing. The Borrower shall request a Revolving Loan

borrowing by written notice (or telephone notice promptly confirmed in
writing) to the Administrative Agent not later than 11:00 A.M. (Charlotte,
North Carolina time) on the Business Day prior to the date of the requested
borrowing in the case of Base Rate Loans, and on the third Business Day
prior to the date of the requested borrowing in the case of Eurodollar
Loans. Each such request for borrowing shall be irrevocable and shall
specify (A) that a Revolving Loan is requested, (B) the date of the
requested borrowing (which shall be a Business Day), (C) the aggregate
principal amount to be borrowed, and (D)

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whether the borrowing shall be comprised of Base Rate Loans, Eurodollar
Loans or a combination thereof, and if Eurodollar Loans are requested, the
Interest Period(s) therefor. If the Borrower shall fail to specify in any
such Notice of Borrowing (I) an applicable Interest Period in the case of a
Eurodollar Loan, then such notice shall be deemed to be a request for an
Interest Period of one month, or (II) the type of Revolving Loan requested,
then such notice shall be deemed to be a request for a Base Rate Loan
hereunder. The Administrative Agent shall give notice to each Lender
promptly upon receipt of each Notice of Borrowing pursuant to this Section
2.1(b)(i), the contents thereof and each such Lender's share of any
borrowing to be made pursuant thereto.

(ii) Minimum Amounts. Each Revolving Loan shall be in a minimum

aggregate principal amount of \$5,000,000 and integral multiples of
\$1,000,000 in excess thereof in the case of Eurodollar Loans, or \$1,000,000
(or the remaining Revolving Committed Amount, if less) and integral
multiples of \$500,000 in excess thereof in the case of Base Rate Loans.

(iii) Advances. Each Lender will make its Revolving Commitment

Percentage of each Revolving Loan borrowing available to the Administrative
Agent for the account of the Borrower, or in such other manner as the
Administrative Agent may specify in writing, by 1:00 P.M. (Charlotte, North
Carolina time) on the date specified in the applicable Notice of Borrowing
in Dollars and in funds immediately available to the Administrative Agent.
Such borrowing will then be made available to the Borrower by the
Administrative Agent by crediting the account of the Borrower with the
aggregate of the amounts made available to the Administrative Agent by the
Lenders and in like funds as received by the Administrative Agent.

(c) Repayment. The principal amount of all Revolving Loans shall be due

and payable in full on the Termination Date.

(d) Interest. Subject to the provisions of Section 3.1,

(i) Base Rate Loans. During such periods as Revolving Loans shall be

comprised in whole or in part of Base Rate Loans, such Base Rate Loans
shall bear interest at a per annum rate equal to the Base Rate plus the

Applicable Percentage;

(ii) Eurodollar Loans. During such periods as Revolving Loans shall

be comprised in whole or in part of Eurodollar Loans, such Eurodollar Loans
shall bear interest at a per annum rate equal to the Eurodollar Rate plus

the Applicable Percentage.

Interest on Revolving Loans shall be payable in arrears on each applicable Interest Payment Date (or at such other times as may be specified herein).

(e) Revolving Notes. The Revolving Loans shall be evidenced by a duly executed Note in favor of each Lender.

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(f) Maximum Number of Eurodollar Loans. The Borrower will be limited to a maximum number of five (5) Eurodollar Loans outstanding at any time. For purposes hereof, Eurodollar Loans with separate or different Interest Periods will be considered as separate Eurodollar Loans even if their Interest Periods expire on the same date.

(g) Increase in Aggregate Revolving Committed Amount. Subject to the terms and conditions set forth herein, the Borrower shall have the right to request, at any time from the Closing Date, an increase in the aggregate Revolving Commitments by as much as FIFTEEN MILLION DOLLARS (\$15,000,000) up to SEVENTY-FIVE MILLION DOLLARS (\$75,000,000) in total aggregate Revolving Commitments; provided that (i) the Administrative Agent and its affiliates (including NationsBanc Montgomery Securities LLC) will use its best efforts, with the assistance of the Borrower, to obtain additional commitments from new or existing Lenders (which if new to the facility are reasonably acceptable to the Administrative Agent), (ii) any such increase shall be in a minimum aggregate principal amount of \$5,000,000 and in integral multiples of \$1,000,000 in excess thereof, (iii) Schedule 2.1(a) shall be amended to reflect the revised commitments and commitment percentages of the Lenders, (iv) if any Revolving Loans are outstanding at the time of any such increase, the Borrower shall make such payments and adjustments on the Revolving Loans (including any break-funding amounts owing under Section 3.11) as necessary to give effect to the revised commitment percentages and outstandings, and (v) the conditions to the extensions of credit in Section 5.2 shall be satisfied on the date of any such increase.

2.2 Letter of Credit Subfacility.

(a) Issuance. During the Commitment Period, subject to the terms and conditions hereof and of the LOC Documents, if any, and such other terms and conditions which the Issuing Lender may reasonably require, the Issuing Lender shall issue, and the Lenders shall participate in, such Letters of Credit as the Borrower may request for its own account or for the account of any Subsidiary as provided herein, in a form acceptable to the Issuing Lender, for the purposes hereinafter set forth; provided that (i) the aggregate amount of LOC Obligations shall not exceed TWO MILLION DOLLARS (\$2,000,000) at any time (the "LOC Committed Amount"), (ii) with regard to the Lenders collectively, the aggregate principal amount of Obligations outstanding at any time shall not exceed the Aggregate Revolving Committed Amount and (iii) with regard to each Lender individually, such Lender's Revolving Commitment Percentage of Obligations outstanding at any time shall not exceed such Lender's Revolving Committed Amount. Letters of Credit issued hereunder shall not have an original expiry date more than one year from the date of issuance or extension, nor an expiry date, whether as originally issued or by extension, extending beyond the Termination Date. Each Letter of Credit shall comply with the related LOC Documents. The issuance date of each Letter of Credit shall be a Business Day.

(b) Notice and Reports. Except for those Letters of Credit described on Schedule 2.2(b)-1 which shall be issued on the Closing Date, the request for the issuance of a Letter of Credit shall be submitted by the Borrower to the Issuing Lender at least three (3) Business Days prior to the requested date of issuance (or such shorter period as may be agreed by the Issuing Lender). A form of Notice of Request for Letter of Credit is attached as Schedule 2.2(b)-2. The Issuing

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Lender will provide to the Administrative Agent at least monthly, and more frequently upon request, a detailed summary report on its Letters of Credit and the activity thereon, in form and substance acceptable to the Administrative Agent. In addition, the Issuing Lender will provide to the Administrative Agent

for dissemination to the Lenders at least quarterly, and more frequently upon request, a detailed summary report on its Letters of Credit and the activity thereon, including, among other things, the Credit Party for whose account the Letter of Credit is issued, the beneficiary, the face amount, and the expiry date. The Issuing Lender will provide copies of the Letters of Credit to the Administrative Agent and the Lenders promptly upon request.

(c) Participation. Each Lender, with respect to the Existing Letters of

Credit, hereby purchases a participation interest in such Existing Letters of Credit, and with respect to Letters of Credit issued after the Closing Date, upon issuance of a Letter of Credit, shall be deemed to have purchased without recourse a risk participation from the applicable Issuing Lender in such Letter of Credit and the obligations arising thereunder, in each case in an amount equal to its pro rata share of the obligations under such Letter of Credit (based on the respective Revolving Commitment Percentages of the Lenders) and shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to the Issuing Lender therefor and discharge when due, its pro rata share of the obligations arising under such Letter of Credit. Without limiting the scope and nature of each Lender's participation in any Letter of Credit, to the extent that the Issuing Lender has not been reimbursed as required hereunder or under any such Letter of Credit, each such Lender shall pay to the Issuing Lender its pro rata share of such unreimbursed drawing in same day funds on the day of notification by the Issuing Lender of an unreimbursed drawing pursuant to the provisions of subsection (d) hereof. The obligation of each Lender to so reimburse the Issuing Lender shall be absolute and unconditional and shall not be affected by the occurrence of a Default, an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of the Borrower to reimburse the Issuing Lender under any Letter of Credit, together with interest as hereinafter provided.

(d) Reimbursement. In the event of any drawing under any Letter of Credit,

the Issuing Lender will promptly notify the Borrower. Unless the Borrower shall immediately notify the Issuing Lender that the Borrower intends to otherwise reimburse the Issuing Lender for such drawing, the Borrower shall be deemed to have requested that the Lenders make a Revolving Loan in the amount of the drawing as provided in subsection (e) hereof on the related Letter of Credit, the proceeds of which will be used to satisfy the related reimbursement obligations. The Borrower promises to reimburse the Issuing Lender on the day of drawing under any Letter of Credit (either with the proceeds of a Revolving Loan obtained hereunder or otherwise) in same day funds. If the Borrower shall fail to reimburse the Issuing Lender as provided hereinabove, the unreimbursed amount of such drawing shall bear interest at a per annum rate equal to the Base Rate plus the sum of (i) the Applicable Percentage and (ii) two percent (2%). The Borrower's reimbursement obligations hereunder shall be absolute and unconditional under all circumstances irrespective of any rights of setoff, counterclaim or defense to payment the Borrower may claim or have against the Issuing Lender, the Administrative Agent, the Lenders, the beneficiary of the Letter of Credit drawn upon or any other Person, including without limitation any defense based on any failure of the Borrower or any other Credit Party to receive consideration or the legality, validity, regularity

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or unenforceability of the Letter of Credit. The Issuing Lender will promptly notify the other Lenders of the amount of any unreimbursed drawing and each Lender shall promptly pay to the Administrative Agent for the account of the Issuing Lender in Dollars and in immediately available funds, the amount of such Lender's pro rata share of such unreimbursed drawing. Such payment shall be made on the day such notice is received by such Lender from the Issuing Lender if such notice is received at or before 2:00 P.M. (Charlotte, North Carolina time) otherwise such payment shall be made at or before 12:00 Noon (Charlotte, North Carolina time) on the Business Day next succeeding the day such notice is received. If such Lender does not pay such amount to the Issuing Lender in full upon such request, such Lender shall, on demand, pay to the Administrative Agent for the account of the Issuing Lender interest on the unpaid amount during the period from the date of such drawing until such Lender pays such amount to the Issuing Lender in full at a rate per annum equal to, if paid within two (2) Business Days of the date that such Lender is required to make payments of such amount pursuant to the preceding sentence, the Federal Funds Rate and thereafter at a rate equal to the Base Rate. Each Lender's obligation to make such payment to the Issuing Lender, and the right of the Issuing Lender to receive the same, shall be absolute and unconditional, shall not be affected by any circumstance whatsoever and without regard to the termination of this Credit Agreement or the Commitments hereunder, the existence of a Default or Event of Default or the acceleration of the obligations of the Borrower hereunder and shall be made without any offset, abatement, withholding or reduction whatsoever. Simultaneously with the making of each such payment by a Lender to the Issuing Lender, such Lender shall, automatically and without any further action on the part of the Issuing Lender or such Lender, acquire a participation in an amount equal to such payment (excluding the portion of such payment constituting interest owing to the Issuing Lender) in the related unreimbursed drawing

portion of the LOC Obligation and in the interest thereon and in the related LOC Documents, and shall have a claim against the Borrower with respect thereto.

(e) Repayment with Revolving Loans. On any day on which the Borrower shall

have requested, or been deemed to have requested, a Revolving Loan advance to reimburse a drawing under a Letter of Credit, the Administrative Agent shall give notice to the Lenders that a Revolving Loan has been requested or deemed requested by the Borrower to be made in connection with a drawing under a Letter of Credit, in which case a Revolving Loan advance comprised of Base Rate Loans (or Eurodollar Loans to the extent the Borrower has complied with the procedures of Section 2.1(b) (i) with respect thereto) shall be immediately made to the Borrower by all Lenders (notwithstanding any termination of the Commitments pursuant to Section 9.2) pro rata based on the respective Revolving Commitment

Percentages of the Lenders (determined before giving effect to any termination of the Commitments pursuant to Section 9.2) and the proceeds thereof shall be paid directly to the Issuing Lender for application to the respective LOC Obligations. Each such Lender hereby irrevocably agrees to make its pro rata share of each such Revolving Loan immediately upon any such request or deemed request in the amount, in the manner and on the date specified in the preceding sentence notwithstanding (i) the amount of such borrowing may not comply with

the minimum amount for advances of Revolving Loans otherwise required hereunder, (ii) whether any conditions specified in Section 5.2 are then satisfied, (iii) whether a Default or an Event of Default then exists, (iv) failure for any such request or deemed request for Revolving Loan to be made by the time otherwise required hereunder, (v) whether the date of such borrowing is a date on which Revolving Loans are otherwise permitted to be made hereunder or (vi) any

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termination of the Commitments relating thereto immediately prior to or contemporaneously with such borrowing. In the event that any Revolving Loan cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Borrower or any Credit Party), then each such Lender hereby agrees that it shall forthwith purchase (as of the date such borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) from the Issuing Lender such participation in the outstanding LOC Obligations as shall be necessary to cause each such Lender to share in such LOC Obligations ratably (based upon the respective Revolving Commitment Percentages of the Lenders (determined before giving effect to any termination of the Commitments pursuant to Section 9.2)), provided that in the event such payment is not made on the day

of drawing, such Lender shall pay in addition to the Issuing Lender interest on the amount of its unfunded Participation Interest at a rate equal to, if paid within two (2) Business Days of the date of drawing, the Federal Funds Rate, and thereafter at the Base Rate.

(f) Designation of Subsidiaries as Account Parties. Notwithstanding

anything to the contrary set forth in this Credit Agreement, including without limitation Section 2.2(a) hereof, a Letter of Credit issued hereunder may contain a statement to the effect that such Letter of Credit is issued for the account of a Subsidiary, provided that notwithstanding such statement, the Borrower shall be the actual account party for all purposes of this Credit Agreement for such Letter of Credit and such statement shall not affect the Borrower's reimbursement obligations hereunder with respect to such Letter of Credit.

(g) Renewal, Extension. The renewal or extension of any Letter of Credit

shall, for purposes hereof, be treated in all respects the same as the issuance of a new Letter of Credit hereunder.

(h) Uniform Customs and Practices. The Letters of Credit shall be subject

to The Uniform Customs and Practice for Documentary Credits, as published as of the date of issue by the International Chamber of Commerce (the "UCP"), in which

case the UCP may be incorporated therein and deemed in all respects to be a part thereof.

(i) Indemnification; Nature of Issuing Lender's Duties.

(i) In addition to its other obligations under this Section 2.2, the Borrower hereby agrees to protect, indemnify, pay and save the Issuing Lender harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) that the Issuing Lender may incur or be subject to as a consequence, direct or indirect, of (A) the issuance of any Letter of

Credit or (B) the failure of the Issuing Lender to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority (all such acts or omissions, herein called "Government Acts"), except to the extent any such claims, demands,

liabilities, damages, costs, charges and expenses arise out of or relate to disputes solely between or among the Administrative Agent and/or the Lenders.

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(ii) As between the Borrower and the Issuing Lender, the Borrower shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. The Issuing Lender shall not be responsible: (A) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party (other than the Issuing Lender) in connection with the application for and issuance of any Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (C) for errors, omissions, interruptions or delays (other than by the Issuing Lender) in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (D) for any loss or delay (other than by the Issuing Lender) in the transmission or otherwise of any document required in order to make a drawing under a Letter of Credit or of the proceeds thereof; and (E) for any consequences arising from causes beyond the control of the Issuing Lender, including, without limitation, any Government Acts. None of the above shall affect, impair, or prevent the vesting of the Issuing Lender's rights or powers hereunder.

(iii) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the Issuing Lender, under or in connection with any Letter of Credit or the related certificates, if taken or omitted in good faith and not constituting gross negligence, shall not put such Issuing Lender under any resulting liability to the Borrower or any other Credit Party. It is the intention of the parties that this Credit Agreement shall be construed and applied to protect and indemnify the Issuing Lender against any and all risks involved in the issuance of the Letters of Credit, all of which risks (except as set forth herein) are hereby assumed by the Borrower (on behalf of itself and each of the other Credit Parties), including, without limitation, any and all Government Acts. The Issuing Lender shall not, in any way, be liable for any failure by the Issuing Lender or anyone else to pay any drawing under any Letter of Credit as a result of any Government Acts or any other cause beyond the control of the Issuing Lender.

(iv) Nothing in this subsection (i) is intended to limit the reimbursement obligations of the Borrower contained in subsection (d) above. The obligations of the Borrower under this subsection (i) shall survive the termination of this Credit Agreement. No act or omissions of any current or prior beneficiary of a Letter of Credit shall in any way affect or impair the rights of the Issuing Lender to enforce any right, power or benefit under this Credit Agreement.

(v) Notwithstanding anything to the contrary contained in this subsection (i), the Borrower shall have no obligation to indemnify the Issuing Lender in respect of any liability incurred by the Issuing Lender (A) arising out of the negligence or willful misconduct of the Issuing Lender, as determined by a court of competent jurisdiction, or (B) caused by the Issuing Lender's failure to pay under any Letter of Credit after presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit, as

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determined by a court of competent jurisdiction, unless such payment is prohibited, as determined by a court of competent jurisdiction.

(j) Responsibility of Issuing Lender. It is expressly understood and agreed

that the obligations of the Issuing Lender hereunder to the Lenders are only those expressly set forth in this Credit Agreement and that the Issuing Lender shall be entitled to assume that the conditions precedent set forth in Section 5.2 have been satisfied unless it shall have acquired actual knowledge that any such condition precedent has not been satisfied; provided, however, that nothing

set forth in this Section 2.2 shall be deemed to prejudice the right of any Lender to recover from the Issuing Lender any amounts made available by such Lender to the Issuing Lender pursuant to this Section 2.2 in the event that it

is determined by a court of competent jurisdiction that the payment with respect to a Letter of Credit constituted gross negligence or willful misconduct on the part of the Issuing Lender.

(k) Conflict with LOC Documents. In the event of any conflict between this

Credit Agreement and any LOC Document (including any letter of credit application), this Credit Agreement shall control.

2.3 Swingline Loan Subfacility.

(a) Swingline Commitment. Subject to the terms and conditions hereof and in

reliance upon the representations and warranties set forth herein, the Swingline Lender, in its individual capacity, agrees to make certain revolving credit loans requested by the Borrower in Dollars to the Borrower (each a "Swingline

Loan" and, collectively, the "Swingline Loans") from time to time from the

Closing Date until the Termination Date for the purposes hereinafter set forth; provided, however, (i) the aggregate principal amount of Swingline Loans

outstanding at any time shall not exceed FIVE MILLION DOLLARS (\$5,000,000) (the "Swingline Committed Amount"), and (ii) with regard to the Lenders collectively,

the aggregate principal amount of Obligations outstanding at any time shall not exceed the Aggregate Revolving Committed. Swingline Loans hereunder shall be made as Base Rate Loans, and may be repaid or reborrowed in accordance with the provisions hereof.

(b) Swingline Loan Advances.

(i) Notices; Disbursement. Whenever the Borrower desires a Swingline

Loan advance hereunder it shall give written notice (or telephonic notice promptly confirmed in writing) to the Swingline Lender not later than 11:00 A.M. (Charlotte, North Carolina time) on the Business Day of the requested Swingline Loan advance. Each such notice shall be irrevocable and shall specify (A) that a Swingline Loan advance is requested, (B) the date of the requested Swingline Loan advance (which shall be a Business Day) and (C) the principal amount of and Interest Period for the Swingline Loan advance requested. Each Swingline Loan shall have such maturity date as the Swingline Lender and the Borrower shall agree upon receipt by the Swingline Lender of any such notice from the Borrower. The Swingline Lender shall initiate the transfer of funds representing the Swingline Loan

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advance to the Borrower by 3:00 P.M. (Charlotte, North Carolina time) on the Business Day of the requested borrowing.

(ii) Minimum Amounts. Each Swingline Loan advance shall be in a

minimum principal amount of \$100,000 and in integral multiples of \$100,000 in excess thereof (or the remaining amount of the Swingline Committed Amount, if less).

(iii) Repayment of Swingline Loans. The principal amount of all

Swingline Loans shall be due and payable on the earlier of (A) the maturity date agreed to by the Swingline Lender and the Borrower with respect to such Loan (which maturity date shall not be a date more than thirty (30) Business Days from the date of advance thereof) or (B) the Termination Date. The Swingline Lender may, at any time, in its sole discretion, by written notice to the Borrower and the Lenders, demand repayment of its Swingline Loans by way of a Revolving Loan advance, in which case the Borrower shall be deemed to have requested a Revolving Loan advance comprised solely of Base Rate Loans in the amount of such Swingline Loans; provided, however, that any such demand shall be deemed to have been given

one Business Day prior to the Termination Date and on the date of the occurrence of any Event of Default described in Section 9.1 and upon acceleration of the indebtedness hereunder and the exercise of remedies in accordance with the provisions of Section 9.2. Each Lender hereby irrevocably agrees to make its pro rata share of each such Revolving Loan in the amount, in the manner and on the date specified in the preceding sentence notwithstanding (I) the amount of such borrowing may not comply

with the minimum amount for advances of Revolving Loans otherwise required hereunder, (II) whether any conditions specified in Section 5.2 are then satisfied, (III) whether a Default or an Event of Default then exists, (IV) failure of any such request or deemed request for Revolving Loan to be made

by the time otherwise required hereunder, (V) whether the date of such borrowing is a date on which Revolving Loans are otherwise permitted to be made hereunder or (VI) any termination of the Commitments relating thereto immediately prior to or contemporaneously with such borrowing. In the event that any Revolving Loan cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Borrower or any other Credit Party), then each Lender hereby agrees that it shall forthwith purchase (as of the date such borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) from the Swingline Lender such Participation Interests in the outstanding Swingline Loans as shall be necessary to cause each such Lender to share in such Swingline Loans ratably based upon its Commitment Percentage of the Revolving Committed Amount (determined before giving effect to any termination of the Commitments pursuant to Section 3.4), provided that (A) all interest

payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective Participation Interest is purchased and (B) at the time any purchase of Participation Interests pursuant to this sentence is actually made, the purchasing Lender shall be required to pay to the Swingline Lender, to the extent not paid to the Swingline Lender by the Borrower in accordance with the terms of subsection (c) (ii) below, interest on the principal amount of Participation Interests purchased for each day from and including the day upon which such

borrowing would otherwise have occurred to but excluding the date of payment for such Participation Interests, at the rate equal to the Federal Funds Rate.

(c) Interest on Swingline Loans.

Subject to the provisions of Section 3.1, each Swingline Loan shall bear interest at a per annum rate (computed on the basis of the actual number of days elapsed over a year of 365 days) equal to the Base Rate. Interest on Swingline Loans shall be payable in arrears on each applicable Interest Payment Date (or at such other times as may be specified herein), unless accelerated sooner pursuant to Section 9.2.

(d) Swingline Note. The Swingline Loans shall be evidenced by the Note.

SECTION 3
OTHER PROVISIONS RELATING TO CREDIT FACILITIES

3.1 Default Rate.

Upon the occurrence, and during the continuance, of an Event of Default, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing hereunder or under the other Credit Documents shall bear interest, payable on demand, at a per annum rate 2% greater than the rate which would otherwise be applicable (or if no rate is applicable, whether in respect of interest, fees or other amounts, then 2% greater than the Base Rate).

3.2 Extension and Conversion.

Subject to the terms of Section 5.2, the Borrower shall have the option, on any Business Day, to extend existing Loans into a subsequent permissible Interest Period or to convert Loans into Loans of another interest rate type; provided, however, that (i) except as provided in Section 3.8,

Eurodollar Loans may be converted into Base Rate Loans only on the last day of the Interest Period applicable thereto, (ii) Eurodollar Loans may be extended, and Base Rate Loans may be converted into Eurodollar Loans, only if no Default or Event of Default is in existence on the date of extension or conversion, (iii) Loans extended as, or converted into, Eurodollar Loans shall be subject to the terms of the definition of "Interest Period" set forth in Section 1.1 and

shall be in such minimum amounts as provided in Section 2.1(b) (ii) , and (iv) any request for extension or conversion of a Eurodollar Loan which shall fail to specify an Interest Period shall be deemed to be a request for an Interest Period of one month. Each such extension or conversion shall be effected by the Borrower by giving a Notice of Extension/Conversion (or telephone notice promptly confirmed in writing) to the Administrative Agent prior to 11:00 A.M. (Charlotte, North Carolina time) on the Business Day of, in the case of the conversion of a Eurodollar Loan into a Base Rate Loan, and on the third Business

Day prior to, in the case of the extension of a Eurodollar Loan as, or conversion of a Base Rate Loan into, a Eurodollar Loan, the date of the proposed extension or conversion, specifying the date of the proposed extension or conversion, the Loans to

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be so extended or converted, the types of Loans into which such Loans are to be converted and, if appropriate, the applicable Interest Periods with respect thereto. Each request for extension or conversion shall be irrevocable and shall constitute a representation and warranty by the Borrower of the matters specified in subsections (a) through (e) of Section 5.2. In the event the Borrower fails to request extension or conversion of any Eurodollar Loan in accordance with this Section, or any such conversion or extension is not permitted or required by this Section, then such Eurodollar Loan shall be automatically converted into a Base Rate Loan at the end of the Interest Period applicable thereto. The Administrative Agent shall give each Lender notice as promptly as practicable of any such proposed extension or conversion affecting any Loan.

3.3 Prepayments.

(a) Voluntary Prepayments. Revolving Loans may be repaid in whole or

in part without premium or penalty; provided that (i) Eurodollar Loans may be

prepaid only upon three (3) Business Days' prior written notice to the Administrative Agent and must be accompanied by payment of any amounts owing under Section 3.11, and (ii) partial prepayments shall be minimum principal amounts of \$5,000,000, in the case of Eurodollar Loans, and \$1,000,000, in the case of Base Rate Loans, and in integral multiples of \$1,000,000 in excess thereof.

(b) Mandatory Prepayments. If at any time, (A) the aggregate

principal amount of Obligations shall exceed the Aggregate Revolving Committed Amount, (B) the aggregate amount of LOC Obligations shall exceed the LOC Committed Amount, or (C) the aggregate amount of Swingline Loans shall exceed the Swingline Committed Amount, the Borrower shall immediately make payment on the Revolving Loans and/or Swingline Loans and/or to a cash collateral account in respect of the LOC Obligations, in an amount sufficient to eliminate the deficiency.

(c) Application. Unless otherwise specified by the Borrower,

prepayments made hereunder shall be applied first to Swingline Loans, then to Revolving Loans which are Base Rate Loans, then to Revolving Loans which are Eurodollar Loans in direct order of Interest Period maturities. Amounts prepaid hereunder may be reborrowed in accordance with the provisions hereof.

3.4 Termination and Reduction of Commitments

(a) Voluntary Reductions. The Revolving Commitments may be terminated

or permanently reduced in whole or in part upon three (3) Business Days' prior written notice to the Administrative Agent, provided that (i) after giving effect to any voluntary reduction the aggregate amount of Obligations shall not exceed the Aggregate Revolving Committed Amount, as reduced, and (ii) partial reductions shall be minimum principal amount of \$5,000,000, and in integral multiples of \$1,000,000 in excess thereof.

(b) Mandatory Reduction. The Revolving Commitments shall be

permanently reduced in an amount equal to one hundred percent (100%) of the Net Proceeds received from

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Asset Dispositions in any fiscal year; but only to the extent that (i) such Net Proceeds are not reinvested in other property or assets within six (6) months of the date of sale, lease, disposition, casualty, theft or loss giving rise thereto, and (ii) the aggregate amount of such Net Proceeds not reinvested in accordance with the foregoing subsection (i) in any fiscal year shall exceed \$1,000,000.

(c) Termination. The Commitments hereunder shall terminate on the

Termination Date.

3.5 Fees.

(a) Commitment Fee. In consideration of the Revolving Commitments

hereunder, the Borrower agrees to pay to the Administrative Agent for the ratable benefit of the Lenders a commitment fee (the "Commitment Fee") equal to

the Applicable Percentage per annum on the average daily unused amount of the Revolving Committed Amount for the applicable period. The Commitment Fee shall be payable quarterly in arrears on the 15th day following the last day of each calendar quarter for the immediately preceding quarter (or portion thereof) beginning with the first such date to occur after the Closing Date. For purposes of computation of the Commitment Fee, Swingline Loans shall not be counted toward or considered usage under the Revolving Loan facility.

(b) Letter of Credit Fees.

(i) Letter of Credit Fee. In consideration of the LOC

Commitment hereunder, the Borrower agrees to pay to the Administrative Agent for the ratable benefit of the Lenders a fee (the "Letter of Credit

Fee") equal to the Applicable Percentage per annum on the average daily

maximum amount available to be drawn under Letters of Credit from the date of issuance to the date of expiration. The Letter of Credit Fee shall be payable quarterly in arrears on the 15th day following the last day of each calendar quarter for the immediately preceding quarter (or portion thereof) beginning with the first such date to occur after the Closing Date.

(ii) Issuing Lender Fee. In addition to the Letter of Credit

Fee, the Borrower agrees to pay to the Issuing Lender for its own account without sharing by the other Lenders (A) a fronting and negotiation fee of .125% per annum on the average daily maximum amount available to be drawn under Letters of Credit issued by it from the date of issuance to the date of expiration, and (B) customary charges of the Issuing Lender with respect to the issuance, amendment, transfer, administration, cancellation and conversion of, and drawings under, such Letters of Credit (collectively, the "Issuing Lender Fees").

(c) Administrative Agent's Fees. The Borrower agrees to pay to the

Administrative Agent, for its own account, an annual administrative fee and such other fees, if any, referred to in the Administrative Agent's Fee Letter (collectively, the "Administrative Agent's Fees").

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3.6 Capital Adequacy.

If any Lender has determined, after the date hereof, that the adoption or the becoming effective of, or any change in, or any change by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof in the interpretation or administration of, any applicable law, rule or regulation regarding capital adequacy, or compliance by such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or assets as a consequence of its commitments or obligations hereunder to a level below that which such Lender could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Lender's policies with respect to capital adequacy), then, upon notice from such Lender to the Borrower, the Borrower shall be obligated to pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction. Each determination by any such Lender of amounts owing under this Section shall, absent manifest error, be conclusive and binding on the parties hereto.

3.7 Inability To Determine Interest Rate.

If prior to the first day of any Interest Period, the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given (a) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as Base Rate Loans

and (b) any Loans that were to have been converted on the first day of such Interest Period to or continued as Eurodollar Loans shall be converted to or continued as Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Base Rate Loans to Eurodollar Loans.

3.8 Illegality.

Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof occurring after the Closing Date shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Credit Agreement, (a) such Lender shall promptly give written notice of such circumstances to the Borrower and the Administrative Agent (which notice shall be withdrawn whenever such circumstances no longer exist), (b) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert a Base Rate Loan to Eurodollar Loans shall forthwith be canceled and, until such time as it shall no longer be unlawful for such Lender to make or maintain Eurodollar Loans, such Lender shall then have a commitment only to make a Base Rate Loan when a Eurodollar Loan is requested and (c) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Base Rate Loans on the respective last

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days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 3.11.

3.9 Requirements of Law.

If, after the date hereof, the adoption of or any change in any Requirement of Law or in the interpretation or application thereof applicable to any Lender, or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority, in each case made subsequent to the Closing Date (or, if later, the date on which such Lender becomes a Lender):

(a) shall subject such Lender to any tax of any kind whatsoever with respect to any Letter of Credit, any Eurodollar Loans made by it or its obligation to make Eurodollar Loans, or change the basis of taxation of payments to such Lender in respect thereof (except for (i) Non-Excluded Taxes covered by Section 3.10 (including Non-Excluded Taxes imposed solely by reason of any failure of such Lender to comply with its obligations under Section 3.10(b)) and (ii) changes in taxes measured by or imposed upon the overall net income, or franchise tax (imposed in lieu of such net income tax), of such Lender or its applicable lending office, branch, or any affiliate thereof);

(b) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(c) shall impose on such Lender any other condition (excluding any tax of any kind whatsoever);

and the result of any of the foregoing is to increase the cost to such Lender, by a material amount, of making, converting into, continuing or maintaining Eurodollar Loans or issuing or participating in Letters of Credit or to reduce any amount receivable hereunder in respect thereof, then, in any such case, upon notice to the Borrower from such Lender, through the Administrative Agent, in accordance herewith, the Borrower shall be obligated to promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable, provided that, in

any such case, the Borrower may elect to convert the Eurodollar Loans made by such Lender hereunder to Base Rate Loans by giving the Administrative Agent at least one Business Day's notice of such election, in which case the Borrower shall promptly pay to such Lender, upon demand, without duplication, such amounts, if any, as may be required pursuant to Section 3.11. If any Lender becomes entitled to claim any additional amounts pursuant to this subsection, it shall provide prompt notice thereof to the Borrower, through the Administrative Agent, certifying (x) that one of the events described in this paragraph (a) has occurred and describing in reasonable detail the nature of such event, (y) as to the increased cost or

reduced amount resulting from such event and (z) as to the additional amount demanded by such Lender and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any additional amounts payable pursuant to this subsection submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive and binding on the parties hereto in the absence of manifest error. This covenant shall survive the termination of this Credit Agreement and the payment of the Loans and all other amounts payable hereunder.

3.10 Taxes.

(a) Except as provided below in this subsection, all payments made by the Borrower under this Credit Agreement and any Notes shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any court, or governmental body, agency or other official, excluding taxes measured by or imposed upon the overall net income of any Lender or its applicable lending office, or any branch or affiliate thereof, and all franchise taxes, branch taxes, taxes on doing business or taxes on the overall capital or net worth of any Lender or its applicable lending office, or any branch or affiliate thereof, in each case imposed in lieu of net income taxes, imposed: (i) by the jurisdiction under the laws of which such Lender, applicable lending office, branch or affiliate is organized or is located, or in which its principal executive office is located, or any nation within which such jurisdiction is located or any political subdivision thereof; or (ii) by reason of any connection between the jurisdiction imposing such tax and such Lender, applicable lending office, branch or affiliate other than a connection arising solely from such Lender having executed, delivered or performed its obligations, or received payment under or enforced, this Credit Agreement or any Notes. If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") are required to be withheld from any

amounts payable to the Administrative Agent or any Lender hereunder or under any Notes, (A) the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Credit Agreement and any Notes, provided, however, that the Borrower shall be

entitled to deduct and withhold any Non-Excluded Taxes and shall not be required to increase any such amounts payable to any Lender that is not organized under the laws of the United States of America or a state thereof if such Lender fails to comply with the requirements of paragraph (b) of this subsection whenever any Non-Excluded Taxes are payable by the Borrower, and (B) as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure. The agreements in this subsection shall survive the termination of this Credit Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) Each Lender that is not incorporated under the laws of the United States of America or a state thereof shall:

(X) (i) on or before the date of any payment by the Borrower under this Credit Agreement or Notes to such Lender, deliver to the Borrower and the Administrative Agent (A) two (2) duly completed copies of United States Internal Revenue Service Form 1001 or 4224, or successor applicable form, as the case may be, certifying that it is entitled to receive payments under this Credit Agreement and any Notes without deduction or withholding of any United States federal income taxes and (B) an Internal Revenue Service Form W-8 or W-9, or successor applicable form, as the case may be, certifying that it is entitled to an exemption from United States backup withholding tax;

(ii) deliver to the Borrower and the Administrative Agent two (2) further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower; and

(iii) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent; or

(Y) in the case of any such Lender that is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (i) represent to the Borrower (for the benefit of the Borrower and the Administrative Agent) that it is not a bank within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (ii) agree to furnish to the Borrower on or before the date of any payment by the Borrower, with a copy to the Administrative Agent two (2) accurate and complete original signed copies of Internal Revenue Service Form W-8, or successor applicable form certifying to such Lender's legal entitlement at the date of such certificate to an exemption from U.S. withholding tax under the provisions of Section 881(c) of the Internal Revenue Code with respect to payments to be made under this Credit Agreement and any Notes (and to deliver to the Borrower and the Administrative Agent two (2) further copies of such form on or before the date it expires or becomes obsolete and after the occurrence of any event requiring a change in the most recently provided form and, if necessary, obtain any extensions of time reasonably requested by the Borrower or the Administrative Agent for filing and completing such forms), and (iii) agree, to the extent legally entitled to do so, upon reasonable request by the Borrower, to provide to the Borrower (for the benefit of the Borrower and the Administrative Agent) such other forms as may be reasonably required in order to establish the legal entitlement of such Lender to an exemption from withholding with respect to payments under this Credit Agreement and any Notes;

unless in any such case any change in treaty, law or regulation has occurred after the date such Person becomes a Lender hereunder which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrower and the Administrative Agent. Each Person that shall become a

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Lender or a participant of a Lender pursuant to subsection 11.3 shall, upon the effectiveness of the related transfer, be required to provide all of the forms, certifications and statements required pursuant to this subsection, provided

that in the case of a participant of a Lender the obligations of such participant of a Lender pursuant to this subsection (b) shall be determined as if the participant of a Lender were a Lender except that such participant of a Lender shall furnish all such required forms, certifications and statements to the Lender from which the related participation shall have been purchased.

3.11 Indemnity.

The Borrower promises to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur (other than through such Lender's gross negligence or willful misconduct) as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Credit Agreement, (b) default by the Borrower in making any prepayment of a Eurodollar Loan after the Borrower has given a notice thereof in accordance with the provisions of this Credit Agreement or (c) the making of a prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto. With respect to Eurodollar Loans, such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of the applicable Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Percentage included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank Eurodollar market. The covenants of the Borrower set forth in this Section 3.11 shall survive the termination of this Credit Agreement and the payment of the Loans and all other amounts payable hereunder.

3.12 Pro Rata Treatment.

Except to the extent otherwise provided herein:

(a) Loans. Each Loan, each payment or prepayment of principal of any Loan

(other than Swingline Loans), each payment of interest on the Loans, each payment of Commitment Fees, each reduction of the Revolving Committed Amount and each conversion or extension of any Loan (other than Swingline Loans), shall be

allocated pro rata among the Lenders in accordance with the respective principal amounts of their outstanding Loans and Participation Interests.

(b) Advances. No Lender shall be responsible for the failure or delay by

any other Lender in its obligation to make its ratable share of a borrowing hereunder; provided, however, that the failure of any Lender to fulfill its

obligations hereunder shall not relieve any other Lender of its obligations hereunder. Unless the Administrative Agent shall have been notified in writing by any

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Lender prior to a borrowing that such Lender will not make the amount that would constitute its ratable share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by such Lender within the time period specified therefor hereunder, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the Federal Funds Rate for a period of two (2) Business Days, and thereafter at the Base Rate, for the period until such Lender makes such amount immediately available to the Administrative Agent. If such Lender does not pay such amounts to the Administrative Agent forthwith upon demand, the Administrative Agent may notify the Borrower and request the Borrower to immediately pay such amount to the Administrative Agent with interest at the Base Rate. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error.

3.13 Sharing of Payments. -----

The Lenders agree among themselves that, in the event that any Lender shall obtain payment in respect of any Loan, LOC Obligation or any other obligation owing to such Lender under this Credit Agreement through the exercise of a right of setoff, banker's lien or counterclaim, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, in excess of its pro rata share of such payment as provided for in this Credit Agreement, such Lender shall promptly purchase from the other Lenders a participation in such Loans, LOC Obligations and other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all Lenders share such payment in accordance with their respective ratable shares as provided for in this Credit Agreement. The Lenders further agree among themselves that if payment to a Lender obtained by such Lender through the exercise of a right of setoff, banker's lien, counterclaim or other event as aforesaid shall be rescinded or must otherwise be restored, each Lender which shall have shared the benefit of such payment shall, by repurchase of a participation theretofore sold, return its share of that benefit (together with its share of any accrued interest payable with respect thereto) to each Lender whose payment shall have been rescinded or otherwise restored. The Borrower agrees that any Lender so purchasing such a participation may, to the fullest extent permitted by law, exercise all rights of payment, including setoff, banker's lien or counterclaim, with respect to such participation as fully as if such Lender were a holder of such Loan, LOC Obligation or other obligation in the amount of such participation. Except as otherwise expressly provided in this Credit Agreement, if any Lender or the Administrative Agent shall fail to remit to the Administrative Agent or any other Lender an amount payable by such Lender or the Administrative Agent to the Administrative Agent or such other Lender pursuant to this Credit Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to the Administrative Agent or such other Lender at a rate per annum equal to the Federal Funds Rate. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section 3.13 applies, such Lender shall, to the extent

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practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders under this Section 3.13 to share in the benefits of any recovery on such secured claim.

3.14 Payments, Computations, Etc. -----

(a) Except as otherwise specifically provided herein, all payments hereunder shall be made to the Administrative Agent in dollars in immediately available funds, without setoff, deduction, counterclaim or withholding of any

kind, at the Administrative Agent's office specified in Section 11.1 not later than 2:00 P.M. (Charlotte, North Carolina time) on the date when due. Payments received after such time shall be deemed to have been received on the next succeeding Business Day. The Administrative Agent may (but shall not be obligated to) debit the amount of any such payment which is not made by such time to any ordinary deposit account of the Borrower maintained with the Administrative Agent (with notice to the Borrower). The Borrower shall, at the time it makes any payment under this Credit Agreement, specify to the Administrative Agent the Loans, LOC Obligations, Fees, interest or other amounts payable by the Borrower hereunder to which such payment is to be applied (and in the event that it fails so to specify, or if such application would be inconsistent with the terms hereof, the Administrative Agent shall distribute such payment to the Lenders in such manner as the Administrative Agent may determine to be appropriate in respect of obligations owing by the Borrower hereunder, subject to the terms of Section 3.12(a)). The Administrative Agent will distribute such payments to such Lenders, if any such payment is received prior to 12:00 Noon (Charlotte, North Carolina time) on a Business Day in like funds as received prior to the end of such Business Day and otherwise the Administrative Agent will distribute such payment to such Lenders on the next succeeding Business Day. Whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day (subject to accrual of interest and Fees for the period of such extension), except that in the case of Eurodollar Loans, if the extension would cause the payment to be made in the next following calendar month, then such payment shall instead be made on the next preceding Business Day. Except as expressly provided otherwise herein, all computations of interest and fees shall be made on the basis of actual number of days elapsed over a year of 360 days, except with respect to computation of interest on Base Rate Loans which (unless the Base Rate is determined by reference to the Federal Funds Rate) shall be calculated based on a year of 365 or 366 days, as appropriate. Interest shall accrue from and include the date of borrowing, but exclude the date of payment.

(b) Allocation of Payments After Event of Default. Notwithstanding any

other provisions of this Credit Agreement to the contrary, after the occurrence and during the continuance of an Event of Default, all amounts collected or received by the Administrative Agent or any Lender on account of the Guaranteed Obligations or any other amounts outstanding under any of the Credit Documents shall be paid over or delivered as follows:

FIRST, to the payment of all reasonable and documented out-of-pocket costs and expenses (including without limitation reasonable attorneys' fees) of the Administrative Agent in connection with enforcing the rights of the Lenders under the Credit Documents,

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except to the extent any such costs arise out of or relate to disputes solely between or among the Administrative Lender and/or the Lenders;

SECOND, to payment of any fees owed to the Administrative Agent;

THIRD, to the payment of all reasonable and documented out-of-pocket costs and expenses (including without limitation, reasonable attorneys' fees) of each of the Lenders in connection with enforcing its rights under the Credit Documents or otherwise with respect to the Obligations owing to such Lender, except to the extent any such costs arise out of or relate to disputes solely between or among the Administrative Lender and/or the Lenders;

FOURTH, to the payment of all accrued interest and fees on or in respect of the Obligations;

FIFTH, to the payment of the outstanding principal amount of the Guaranteed Obligations (including the payment or cash collateralization of outstanding LOC Obligations);

SIXTH, to all other Obligations and other obligations which shall have become due and payable under the Credit Documents or otherwise and not repaid pursuant to clauses "FIRST" through "FIFTH" above; and

SEVENTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; and (ii) each of the Lenders shall receive an amount equal to its pro rata share (based on the proportion that the then outstanding Obligations held by such Lender bears to the aggregate then outstanding Obligations) of amounts available to be applied pursuant to clauses "THIRD", "FOURTH", "FIFTH" and "SIXTH" above; and (iii) to the extent that any amounts available for distribution pursuant to clause "FIFTH" above are attributable to the issued but undrawn amount of outstanding letters of credit, such amounts

shall be held by the Administrative Agent in a cash collateral account and applied (A) first, to reimburse the issuing lender for any drawings under such letters of credit and (B) then, following the expiration of all letters of credit, to all other obligations of the types described in clauses "FIFTH" and "SIXTH" above in the manner provided in this Section 3.14(b).

3.15 Evidence of Debt.

(a) Each Lender shall maintain an account or accounts evidencing each Loan made by such Lender to the Borrower from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Credit Agreement. Each Lender will make reasonable efforts to maintain the accuracy of its account or accounts and to promptly update its account or accounts from time to time, as necessary.

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(b) The Administrative Agent shall maintain the Register pursuant to Section 11.3(c) hereof, and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount, type and Interest Period of each such Loan hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from or for the account of the Borrower and each Lender's share thereof. The Administrative Agent will make reasonable efforts to maintain the accuracy of the subaccounts referred to in the preceding sentence and to promptly update such subaccounts from time to time, as necessary.

(c) The entries made in the accounts, Register and subaccounts maintained pursuant to subsection (b) of this Section 3.15 (and, if consistent with the entries of the Administrative Agent, subsection (a)) shall be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the

Administrative Agent to maintain any such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of the Borrower to repay the Loans made by such Lender in accordance with the terms hereof.

SECTION 4
GUARANTY

4.1 The Guarantee.

Each of the Guarantors hereby jointly and severally guarantees to each Lender, to each Affiliate of a Lender that enters into a Hedging Agreement and to the Administrative Agent as hereinafter provided the prompt payment of the Guaranteed Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, a mandatory cash collateralization or otherwise) strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Guaranteed Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as mandatory cash collateralization or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents or Hedging Agreements, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

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4.2 Obligations Unconditional.

The obligations of the Guarantors under Section 4.1 hereof are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Credit Documents or Hedging Agreements, or any other agreement or instrument referred to therein, or any substitution, release or exchange of any other guarantee of or security for any

of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 4.2 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Guarantor agrees that such Guarantor shall have no right of subrogation, indemnity, reimbursement or contribution against the Borrower or any other Guarantor of the Guaranteed Obligations for amounts paid under this Guaranty until such time as the Lenders (and any Affiliates of Lenders entering into Hedging Agreements) have been paid in full, all Commitments under the Credit Agreement have been terminated and no Person or Governmental Authority shall have any right to request any return or reimbursement of funds from the Lenders in connection with monies received under the Credit Documents or Hedging Agreements. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of any of the Credit Documents, any Hedging Agreement or any other agreement or instrument referred to in the Credit Documents or Hedging Agreements shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Credit Documents, any Hedging Agreement or any other agreement or instrument referred to in the Credit Documents or Hedging Agreements shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien granted to, or in favor of, the Administrative Agent or any Lender or Lenders as security for any of the Guaranteed Obligations shall fail to attach or be perfected; or

(v) any of the Guaranteed Obligations shall be determined to be void or voidable (including, without limitation, for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including, without limitation, any creditor of any Guarantor).

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With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Person under any of the Credit Documents, any Hedging Agreement or any other agreement or instrument referred to in the Credit Documents or Hedging Agreements, or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

4.3 Reinstatement.

The obligations of the Guarantors under this Section 4 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Administrative Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and expenses of counsel) incurred by the Administrative Agent or such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

4.4 Certain Additional Waivers.

Without limiting the generality of the provisions of this Section 4, each Guarantor hereby specifically waives the benefits of N.C. Gen. Stat. (S) (S) 26-7 through 26-9, inclusive. Each Guarantor further agrees that such Guarantor shall have no right of recourse to security for the Guaranteed Obligations, except through the exercise of the rights of subrogation pursuant to Section 4.2.

4.5 Remedies.

The Guarantors agree that, to the fullest extent permitted by law, as between the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, the Guaranteed Obligations may be declared to be forthwith due and payable as provided in Section 9.2 hereof (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section 9.2) for purposes of Section 4.1 hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Guaranteed Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Guaranteed Obligations being deemed to have become automatically due and payable), the Guaranteed Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of said Section 4.1.

4.6 Rights of Contribution.

The Guarantors hereby agree, as among themselves, that if any Guarantor shall become an Excess Funding Guarantor (as defined below), each other Guarantor shall, on demand of such Excess Funding Guarantor (but subject to the succeeding provisions of this Section 4.6), pay to

such Excess Funding Guarantor an amount equal to such Guarantor's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, assets, liabilities and debts of such Excess Funding Guarantor) of such Excess Payment (as defined below). The payment obligation of any Guarantor to any Excess Funding Guarantor under this Section 4.6 shall be subordinate and subject in right of payment to the prior payment in full of the obligations of such Guarantor under the other provisions of this Section 4, and such Excess Funding Guarantor shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such obligations. For purposes hereof, (i) "Excess Funding Guarantor" shall mean, in respect of any

obligations arising under the other provisions of this Section 4 (hereafter, the "Guarantied Obligations"), a Guarantor that has paid an amount in excess of its

Share of the Guarantied Obligations; (ii) "Excess Payment" shall mean, in

respect of any Guarantied Obligations, the amount paid by an Excess Funding Guarantor in excess of its Pro Rata Share of such Guarantied Obligations; and (iii) "Pro Rata Share", for the purposes of this Section 4.6, shall mean, for

any Guarantor, the ratio (expressed as a percentage) of (a) the amount by which the aggregate present fair saleable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder) to (b) the amount by which the aggregate present fair saleable value of all assets and other properties of the Borrower and all of the Guarantors exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of the Borrower and the Guarantors hereunder) of the Borrower and all of the Guarantors, all as of the Closing Date (if any Guarantor becomes a party hereto subsequent to the Closing Date, then for the purposes of this Section 4.6 such subsequent Guarantor shall be deemed to have been a Guarantor as of the Closing Date and the information pertaining to, and only pertaining to, such Guarantor as of the date such Guarantor became a Guarantor shall be deemed true as of the Closing Date).

4.7 Continuing Guarantee.

The guarantee in this Section 4 is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

SECTION 5
CONDITIONS

5.1 Conditions to Closing.

This Credit Agreement shall become effective, and the initial Extensions of Credit may be made, upon the satisfaction (or waiver) of the following conditions precedent:

(a) Execution of Credit Agreement and Credit Documents. Receipt of

(i) multiple counterparts of this Credit Agreement, (ii) a Note for each Lender, (iii) multiple counterparts of the Pledge Agreement, the Security Agreement and

the UCC financing statements relating thereto, if any, in each case executed by a duly authorized officer of each party thereto and in each case conforming to the requirements of this Credit Agreement.

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(b) Consummation of Spin-off. Evidence of consummation of the Spin-off Transaction, and receipt of all shareholder, governmental and other necessary consents, approvals and authorizations (including the passage of all waiting periods).

(c) Pro Forma Balance Sheet. Receipt of a pro forma balance sheet for the Borrower and its Subsidiaries upon consummation of the Spin-Off Transaction after giving effect to the initial Extensions of Credit hereunder.

(d) Legal Opinions. Receipt of multiple counterparts of opinions of counsel for the Credit Parties relating to the Credit Documents and the transactions contemplated herein, in form and substance satisfactory to the Administrative Agent and the Required Lenders.

(e) Stock Certificates. Receipt of original stock certificates evidencing the ownership interests of the Credit Parties pledged pursuant to the Pledge Agreement, together in each case with original undated stock powers executed in blank.

(f) Financial Information. Receipt of financial information regarding the Borrower and its subsidiaries, as may be requested by, and in each case in form and substance satisfactory to the Administrative Agent and the Lenders.

(g) Evidence of Insurance. Receipt of insurance certificates or policies evidencing flood hazard insurance (for improvements located in areas having "special flood hazards"), casualty insurance (including builders' risk and all-risk permanent policies) and liability insurance conforming to the requirements of this Credit Agreement and the other Credit Documents, showing the Administrative Agent as loss payee with respect to the flood hazard and casualty insurance, together with evidence of payment of premiums thereon.

(h) Absence of Legal Proceedings. The absence of any action, suit, investigation or proceeding pending in any court or before any arbitrator or governmental instrumentality which could reasonably be expected to have a Material Adverse Effect.

(i) Corporate Documents. Receipt of the following (or their equivalent) for each of the Credit Parties:

(i) Articles of Incorporation. Copies of the articles of incorporation or charter documents certified to be true and complete as of a recent date by the appropriate governmental authority of the state of its incorporation.

(ii) Resolutions. Copies of resolutions of the Board of Directors approving and adopting the respective Credit Documents, the transactions contemplated therein and authorizing execution and delivery thereof, certified by a secretary or assistant secretary as of the Closing Date to be true and correct and in force and effect as of such date.

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(iii) Bylaws. Copies of the bylaws certified by a secretary or assistant secretary as of the Closing Date to be true and correct and in force and effect as of such date.

(iv) Good Standing. Copies, where applicable, of (A) certificates of good standing, existence or its equivalent certified as of a recent date by the appropriate governmental authorities of the state of incorporation and each other state in which the failure to so qualify and be in good standing would in the aggregate have a Material Adverse Effect and (B) a certificate indicating payment of all corporate franchise taxes certified as of a recent date by the appropriate governmental taxing authorities.

(v) Officer's Certificate. An officer's certificate for each

of the Credit Parties dated as of the Closing Date substantially in the
form of Schedule 5.1(i)(v) with appropriate insertions and attachments.

(j) Fees. Receipt of all fees, if any, owing pursuant to the

Administrative Agent's Fee Letter, Section 3.5 or otherwise.

(k) Subsection 5.2 Conditions. The conditions specified in Section

5.2 shall be satisfied.

(l) Additional Matters. All other documents and legal matters in

connection with the transactions contemplated by this Credit Agreement shall be
reasonably satisfactory in form and substance to the Agents and the Required
Lenders.

5.2 Conditions to All Extensions of Credit.

The obligation of each Lender to make any Extension of Credit hereunder
(including the initial Extension of Credit to be made hereunder) is subject to
the satisfaction (or waiver) of the following conditions precedent on the date
of making such Extension of Credit:

(a) Representations and Warranties. The representations and

warranties made by the Credit Parties herein or in any other Credit Documents or
which are contained in any certificate furnished at any time under or in
connection herewith shall be true and correct in all material respects on and as
of the date of such Extension of Credit as if made on and as of such date
(except for those which expressly relate to an earlier date).

(b) No Default or Event of Default. No Default or Event of Default

shall have occurred and be continuing on such date or after giving effect to the
Extension of Credit to be made on such date unless such Default or Event of
Default shall have been waived in accordance with this Credit Agreement.

(c) No Bankruptcy Event. No Bankruptcy Event shall have occurred and

be continuing with respect to any of the Credit Parties.

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(d) No Material Adverse Effect. No circumstances, events or

conditions shall have occurred since the date of the audited financial
statements referenced in Section 6.1 which would have a Material Adverse Effect.

(e) Additional Conditions to Revolving Loans. If a Revolving Loan is

made pursuant to Section 2.1, all conditions set forth therein shall have been
satisfied.

(f) Additional Conditions to Swingline Loans. If a Swingline Loan is

made pursuant to Section 2.2, all conditions set forth therein shall have been
satisfied.

Each request for Extension of Credit (including extensions and conversions)
and each acceptance by the Borrower of an Extension of Credit (including
extensions and conversions) shall be deemed to constitute a representation and
warranty by the Borrower as of the date of such Extension of Credit that the
applicable conditions in paragraphs (a), (b), (c) and (d), and in (e) or (f) of
this subsection have been satisfied.

SECTION 6
REPRESENTATIONS AND WARRANTIES

To induce the Lenders to enter into this Credit Agreement and to make
Extensions of Credit herein provided for, each of the members of the
Consolidated Group parties hereto hereby represents and warrants to the
Administrative Agent and to each Lender that:

6.1 Financial Condition.

Each of the financial statements described below (copies of which have

heretofore been provided to the Administrative Agent for distribution to the Lenders), have been prepared in accordance with GAAP consistently applied throughout the periods covered thereby, are complete and correct in all material respects and present fairly the financial condition and results from operations of the entities and for the periods specified, subject in the case of interim company-prepared statements to normal year-end adjustments and the absence of footnotes:

(i) a consolidated balance sheet of the Borrower and its consolidated subsidiaries dated as of April 26, 1997, together with related statements income and cash flows certified by Price Waterhouse LLP, certified public accountants; and

(ii) a consolidated balance sheet of the Borrower and its consolidated subsidiaries dated as of January 24, 1998 certified by Price Waterhouse LLP, certified public accountants.

6.2 No Changes or Restricted Payments.

Since the date of the financial statements referenced in Section 6.1(i), (a) there has been no circumstance, development or event relating to or affecting the members of the Consolidated

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Group which has had or would be reasonably expected to have a Material Adverse Effect, and (b) except as permitted herein, no Restricted Payments have been made or declared or are contemplated by any members of the Consolidated Group.

6.3 Organization; Existence; Compliance with Law.

Each of the members of the Consolidated Group (a) is duly organized, validly existing in good standing under the laws of the jurisdiction of its incorporation or organization, (b) has the corporate or other necessary power and authority, and the legal right to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign entity and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, other than in such jurisdictions where the failure to be so qualified and in good standing would not, in the aggregate, have a Material Adverse Effect, and (d) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith would not, in the aggregate, be reasonably expected to have a Material Adverse Effect.

6.4 Power; Authorization; Enforceable Obligations.

Each of the Credit Parties has the corporate or other necessary power and authority, and the legal right, to make, deliver and perform the Credit Documents to which it is a party and has taken all necessary corporate or other action to authorize the execution, delivery and performance by it of the Credit Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with acceptance of extensions of credit or the making of the guaranties hereunder or with the execution, delivery or performance of any Credit Documents by the Credit Parties (other than those which have been obtained, such filings as are required by the Securities and Exchange Commission and to fulfill other reporting requirements with Governmental Authorities) or with the validity or enforceability of any Credit Document against the Credit parties (except such filings as are necessary in connection with the perfection of the Liens created by such Credit Documents). Each Credit Document to which it is a party constitutes a legal, valid and binding obligation of such Credit Party enforceable against such Credit Party in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law.

6.5 No Legal Bar.

The execution, delivery and performance of the Credit Documents, the borrowings hereunder and the use of the Extensions of Credit will not violate any Requirement of Law or any Contractual Obligation of any member of the Consolidated Group (except those as to which waivers or consents have been obtained), and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or Contractual Obligation other than the Liens arising under or

contemplated in connection with the Credit Documents. No member of the Consolidated Group is in default under or with respect to any of its Contractual Obligations in any respect which would reasonably be expected to have a Material Adverse Effect.

6.6 No Material Litigation.

No claim, litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the best knowledge of the Credit Parties, threatened by or against, any members of the Consolidated Group or against any of their respective properties or revenues which (a) relate to the Credit Documents or any of the transactions contemplated hereby or thereby, (b) if adversely determined, would reasonably be expected to have a Material Adverse Effect. Set forth on Schedule 6.6 is a summary of all material claims,

litigation, investigations and proceedings pending or, to the best knowledge of the Credit Parties, threatened by or against the members of the Consolidated Group or against any of their respective properties or revenues, and none of such actions, individually or in the aggregate, is reasonably expected to have a Material Adverse Effect.

6.7 No Default.

No Default or Event of Default has occurred and is continuing.

6.8 Ownership of Property; Liens.

Each of members of the Consolidated Group has good record and marketable title in fee simple to, or a valid leasehold interest in, all its material real property, and good title to, or a valid leasehold interest in, all its other material property, and none of such property is subject to any Lien, except for Permitted Liens.

6.9 Intellectual Property.

Each of the members of the Consolidated Group owns, or has the legal right to use, all United States trademarks, tradenames, copyrights, technology, know-how and processes, if any, necessary for each of them to conduct its business as currently conducted (the "Intellectual Property") except for those the failure

to own or have such legal right to use would be subject to indemnification in favor of a member of the Consolidated Group or would not be reasonably expected to have a Material Adverse Effect. No claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does any Credit Party know of any such claim, and the use of such Intellectual Property by the members of the Consolidated Group does not infringe on the rights of any Person, except for such claims and infringements that in the aggregate, would not be reasonably expected to have a Material Adverse Effect.

6.10 No Burdensome Restrictions.

No Requirement of Law or Contractual Obligation of the members of the Consolidated Group would be reasonably expected to have a Material Adverse Effect.

6.11 Taxes.

Each of the members of the Consolidated Group has filed or caused to be filed all United States federal income tax returns and all other material tax returns which, to the best knowledge of the Credit Parties, are required to be filed and has paid (a) all taxes shown to be due and payable on said returns or (b) all taxes shown to be due and payable on any assessments of which it has received notice made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any (i) taxes, fees or other charges which would be subject to indemnification in favor of a member of the Consolidated Group or with respect to which the failure to pay, in the aggregate, would not have a Material Adverse Effect or (ii) taxes, fees or other charges the amount or validity of which are currently being contested and with respect to which reserves in conformity with GAAP have been provided on the books of such Person), and no tax Lien has been filed, and, to the best knowledge of the

Credit Parties, no claim is being asserted, with respect to any such tax, fee or other charge.

6.12 ERISA

Except as would be subject to indemnification in favor of a member of the Consolidated Group or would not reasonably be expected to have a Material Adverse Effect, to the knowledge of the Credit Parties:

(a) During the five-year period prior to the date on which this representation is made or deemed made: (i) no ERISA Event has occurred, and, to the best knowledge of the Credit Parties, no event or condition has occurred or exists as a result of which any ERISA Event could reasonably be expected to occur, with respect to any Plan; (ii) no "accumulated funding deficiency," as such term is defined in Section 302 of ERISA and Section 412 of the Code, whether or not waived, has occurred with respect to any Plan; (iii) each Plan has been maintained, operated, and funded in compliance with its own terms and in material compliance with the provisions of ERISA, the Code, and any other applicable federal or state laws; and (iv) no lien in favor of the PBGC or a Plan has arisen or is reasonably likely to arise on account of any Plan.

(b) The actuarial present value of all "benefit liabilities" (as defined in Section 4001(a)(16) of ERISA), whether or not vested, under each Single Employer Plan, as of the last annual valuation date prior to the date on which this representation is made or deemed made (determined, in each case, in accordance with Financial Accounting Standards Board Statement 87, utilizing the actuarial assumptions used in such Plan's most recent actuarial valuation report), did not exceed as of such valuation date the fair market value of the assets of such Plan.

(c) No member of the Consolidated Group nor any ERISA Affiliate has incurred, or, to the best knowledge of the Credit Parties, could be reasonably expected to incur, any withdrawal

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liability under ERISA to any Multiemployer Plan or Multiple Employer Plan. No member of the Consolidated Group nor any ERISA Affiliate would become subject to any withdrawal liability under ERISA if any member of the Consolidated Group or any ERISA Affiliate were to withdraw completely from all Multiemployer Plans and Multiple Employer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. No member of the Consolidated Group nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization (within the meaning of Section 4241 of ERISA), is insolvent (within the meaning of Section 4245 of ERISA), or has been terminated (within the meaning of Title IV of ERISA), and no Multiemployer Plan is, to the best knowledge of the Credit Parties, reasonably expected to be in reorganization, insolvent, or terminated.

(d) No prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility has occurred with respect to a Plan which has subjected or may subject any member of the Consolidated Group or any ERISA Affiliate to any liability under Sections 406, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which any member of the Consolidated Group or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability.

(e) To the knowledge of the Borrower, no member of the Consolidated Group nor any ERISA Affiliates has any material liability with respect to "expected post-retirement benefit obligations" within the meaning of the Financial Accounting Standards Board Statement 106. Each Plan which is a welfare plan (as defined in Section 3(1) of ERISA) to which Sections 601-609 of ERISA and Section 4980B of the Code apply has been administered in compliance in all material respects of such sections.

6.13 Governmental Regulations, Etc.

(a) No part of the proceeds of the Extensions of Credit hereunder will be used, directly or indirectly, for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulation U, or for the purpose of purchasing or carrying or trading in any securities. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U. No indebtedness being reduced or retired out of the proceeds of the Extensions of Credit hereunder was or will be incurred for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U or any "margin security" within the meaning of Regulation T. "Margin stock" within the meanings of Regulation U does not constitute more than 25% of the value of the consolidated assets of the Borrower and its Subsidiaries. None of the transactions contemplated by this Credit Agreement (including, without limitation, the direct or indirect use of

the proceeds of the Loans) will violate or result in a violation of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or regulations issued pursuant thereto, or Regulation T, U or X.

(b) None of the members of the Consolidated Group is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act or the Investment Company Act of 1940, each as amended. In addition, none of the members of the Consolidated Group is (i)

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an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, and is not controlled by such a company, or (ii) a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(c) No director, executive officer or principal shareholder of any member of the Consolidated Group is a director, executive officer or principal shareholder of any Lender. For the purposes hereof the terms "director", "executive officer" and "principal shareholder" (when used with reference to any Lender) have the respective meanings assigned thereto in Regulation O issued by the Board of Governors of the Federal Reserve System.

6.14 Subsidiaries.

Set forth on Schedule 6.14 are all the Subsidiaries of the Borrower at the Closing Date, the jurisdiction of their incorporation and the direct or indirect ownership interest of the Borrower therein.

6.15 Purpose of Extensions of Credit.

Extensions of Credit hereunder may be used to refinance existing indebtedness (including intercompany indebtedness owing to U.S. Office Products, Inc.), to finance working capital, capital expenditures and other lawful corporate purposes, including acquisitions permitted hereunder.

6.16 Environmental Matters.

Except as would be subject to indemnification in favor of a member of the Consolidated Group or would not reasonably be expected to have a Material Adverse Effect, and to the knowledge of the Credit Parties:

(a) Each of the facilities and properties owned, leased or operated by the members of the Consolidated Group (the "Properties") and all operations at the

Properties are in compliance with all applicable Environmental Laws, and there is no violation of any Environmental Law with respect to the Properties or the businesses operated by the members of the Consolidated Group (the "Businesses"),

and there are no conditions relating to the Businesses or Properties that could give rise to liability under any applicable Environmental Laws.

(b) None of the Properties contains, or has previously contained, any Materials of Environmental Concern at, on or under the Properties in amounts or concentrations that constitute or constituted a violation of, or could give rise to liability under, Environmental Laws.

(c) None of the members of the Consolidated Group has received any written or verbal notice of, or inquiry from any Governmental Authority regarding, any violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with

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Environmental Laws with regard to any of the Properties or the Businesses, nor does any member of the Consolidated Group have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) Materials of Environmental Concern have not been transported or disposed of from the Properties, or generated, treated, stored or disposed of at, on or under any of the Properties or any other location, in each case by or on behalf any members of the Consolidated Group in violation of, or in a manner that would be reasonably likely to give rise to liability under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the best knowledge of any Credit Party, threatened, under any

Environmental Law to which any member of the Consolidated Group is or will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to any member of the Consolidated Group, the Properties or the Businesses.

(f) There has been no release or, threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations (including, without limitation, disposal) of any member of the Consolidated Group in connection with the Properties or otherwise in connection with the Businesses, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws.

SECTION 7
AFFIRMATIVE COVENANTS

Each of the Credit Parties covenants and agrees that on the Closing Date, and so long as this Credit Agreement is in effect and until the Commitments have been terminated, no Obligations remain outstanding and all amounts owing hereunder or in connection herewith have been paid in full, each of the members of the Consolidated Group party hereto shall:

7.1 Financial Statements.

Furnish, or cause to be furnished, to the Administrative Agent and the Lenders:

(a) Audited Financial Statements. As soon as available, but in any

event within 90 days after the end of each fiscal year, an audited consolidated balance sheet of the Borrower and its subsidiaries as of the end of the fiscal year and the related consolidated statements of income, retained earnings, shareholders' equity and cash flows for the year, audited by Price Waterhouse LLP, or other firm of independent certified public accountants of nationally recognized standing reasonably acceptable to the Required Lenders, setting forth in each case in comparative form the figures for the previous year, reported without a "going concern" or like qualification or exception, or qualification indicating that the scope of the audit was inadequate to permit such

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independent certified public accountants to certify such financial statements without such qualification.

(b) Company-Prepared Financial Statements. As soon as available, but

in any event

(i) within 45 days after the end of each of the first three fiscal quarters, a company-prepared consolidated balance sheet of the Borrower and its subsidiaries as of the end of the quarter and related company-prepared consolidated statements of income, retained earnings, shareholders' equity and cash flows for such quarterly period and for the fiscal year to date;

(ii) within 60 days after the end of the fourth fiscal quarter, a company-prepared consolidated balance sheet of the Borrower and its subsidiaries as of the end of the quarter and related company-prepared consolidated statements of income, retained earnings, shareholders' equity and cash flows for such quarterly period and for the fiscal year to date;

(iii) prior to the end of each fiscal year, an annual business plan and budget for the members of the Consolidated Group, containing, among other things, pro forma financial statements for the next fiscal year,

in each case setting forth in comparative form the consolidated figures for the corresponding period or periods of the preceding fiscal year or the portion of the fiscal year ending with such period, as applicable, in each case subject to normal recurring year-end audit adjustments.

All such financial statements shall be complete and correct in all material respects (subject, in the case of interim statements, to normal recurring year-end audit adjustments) and shall be prepared in reasonable detail and, in the case of the annual and quarterly financial statements provided in accordance with subsections (a) and (b) above, in accordance with GAAP applied consistently throughout the periods reflected therein and further accompanied by a description of, and an estimation of the effect on the financial statements on account of, a change in the application of accounting principles as provided in

7.2 Certificates; Other Information.

Furnish, or cause to be furnished, to the Administrative Agent for distribution to the Lenders:

(a) Accountant's Certificate and Reports. Concurrently with the

delivery of the financial statements referred to in subsection 7.1(a) above, a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate.

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(b) Officer's Compliance Certificate. Concurrently with the delivery

of the financial statements referred to in Sections 7.1(a) and 7.1(b) above, a certificate of a Responsible Officer stating that, to the best of such Responsible Officer's knowledge and belief, (i) the financial statements fairly present in all material respects the financial condition of the parties covered by such financial statements, (ii) during such period the members of the Consolidated Group have observed or performed in all material respects the covenants and other agreements hereunder and under the other Credit Documents relating to them, and satisfied in all material respects the conditions, contained in this Credit Agreement to be observed, performed or satisfied by them, and (iii) such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate. Such certificate shall include the calculations required to indicate compliance with Section 7.9. A form of Officer's Certificate is attached as Schedule 7.2(b).

(c) Accountants' Reports. Promptly upon receipt, a copy of any final

(as distinguished from a preliminary or discussion draft) "management letter" or other similar report submitted by independent accountants or financial consultants to the members of the Consolidated Group in connection with any annual, interim or special audit.

(d) Public Information. Within thirty days after the same are sent,

copies of all reports (other than those otherwise provided pursuant to subsection 7.1) and other financial information which any member of the Consolidated Group sends to its public stockholders, and within thirty days after the same are filed, copies of all financial statements and non-confidential reports which any member of the Consolidated Group may make to, or file with, the Securities and Exchange Commission or any successor or analogous Governmental Authority.

(e) Other Information. Promptly, such additional financial and other

information as the Administrative Agent, at the request of any Lender, may from time to time reasonably request.

7.3 Notices.

Give notice to the Administrative Agent (which shall promptly transmit such notice to each Lender) of:

(a) Defaults. Immediately (and in any event within two (2) Business

Days) after a responsible officer of a Credit Party has knowledge of the occurrence of an Event of Default.

(b) Contractual Obligations. Promptly, the occurrence of any default

or event of default under any Contractual Obligation of any member of the Consolidated Group which would reasonably be expected to have a Material Adverse Effect.

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(c) Legal Proceedings. Promptly, any litigation, or any investigation

or proceeding (including without limitation, any environmental proceeding) known to any member of the Consolidated Group, or any material development in respect thereof, affecting any member of the Consolidated Group which, if adversely determined, would reasonably be expected to have a Material

Adverse Effect.

(d) ERISA. Promptly, after any Responsible Officer of the Borrower

knows or has reason to know of (i) any event or condition, including, but not limited to, any Reportable Event, that constitutes, or might reasonably lead to, an ERISA Event; (ii) with respect to any Multiemployer Plan, the receipt of notice as prescribed in ERISA or otherwise of any withdrawal liability assessed against any of their ERISA Affiliates, or of a determination that any Multiemployer Plan is in reorganization or insolvent (both within the meaning of Title IV of ERISA); (iii) the failure to make full payment on or before the due date (including extensions) thereof of all amounts which the members of the Consolidated Group or any ERISA Affiliate are required to contribute to each Plan pursuant to its terms and as required to meet the minimum funding standard set forth in ERISA and the Code with respect; or (iv) any change in the funding status of any Plan that reasonably could be expected to have a Material Adverse Effect; together with a description of any such event or condition or a copy of any such notice and a statement by the chief financial officer of the Borrower briefly setting forth the details regarding such event, condition, or notice, and the action, if any, which has been or is being taken or is proposed to be taken by the Credit Parties with respect thereto. Promptly upon request, the members of the Consolidated Group shall furnish the Administrative Agent and the Lenders with such additional information concerning any Plan as may be reasonably requested, including, but not limited to, copies of each annual report/return (Form 5500 series), as well as all schedules and attachments thereto required to be filed with the Department of Labor and/or the Internal Revenue Service pursuant to ERISA and the Code, respectively, for each "plan year" (within the meaning of Section 3(39) of ERISA).

(e) Other. Promptly, any other development or event which a

Responsible Officer of the Borrower determines could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this subsection shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the relevant Credit Parties propose to take with respect thereto.

7.4 Payment of Obligations. -----

Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, in accordance with prudent business practice (subject, where applicable, to specified grace periods) all material obligations of each member of the Consolidated Group of whatever nature and any additional costs that are imposed as a result of

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any failure to so pay, discharge or otherwise satisfy such obligations, except when the amount or validity of such obligations and costs is currently being contested in good faith by appropriate proceedings and reserves, if applicable, in conformity with GAAP with respect thereto have been provided on the books of the Consolidated Group, as the case may be.

7.5 Conduct of Business and Maintenance of Existence. -----

Continue to engage in business of the same general type as now conducted by it on the date hereof and similar or related businesses with, and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges, licenses and franchises necessary or desirable in the normal conduct of its business; comply with all Contractual Obligations and Requirements of Law applicable to it except to the extent that failure to comply therewith would not, in the aggregate, have a Material Adverse Effect.

7.6 Maintenance of Property; Insurance. -----

Keep all material property useful and necessary in its business in reasonably good working order and condition (ordinary wear and tear excepted); maintain with financially sound and reputable insurance companies casualty, liability and such other insurance (which may include plans of self-insurance) with such coverage and deductibles, and in such amounts as may be consistent with prudent business practice and in any event consistent with normal industry practice (except to any greater extent as may be required by the terms of any of the other Credit Documents); and furnish to the Administrative Agent, upon written request, full information as to the insurance carried.

7.7 Inspection of Property; Books and Records; Discussions.

Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its businesses and activities; and permit, during regular business hours and upon reasonable notice by the Administrative Agent, the Administrative Agent to visit and inspect any of its properties and examine and make abstracts (including photocopies) from any of its books and records (other than materials protected by the attorney-client privilege and materials which the Credit Parties may not disclose without violation of a confidentiality obligation binding upon them) at any reasonable time, and to discuss the business, operations, properties and financial and other condition of the members of the Consolidated Group with officers and employees of the members of the Consolidated Group and with their independent certified public accountants. The cost of the inspection referred to in the preceding sentence shall be for the account of the Lenders unless an Event of Default has occurred and is continuing, in which case the cost of such inspection shall be for the account of the Credit Parties.

7.8 Environmental Laws.

(a) Comply in all material respects with, and take reasonable actions to ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable

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Environmental Laws and obtain and comply in all material respects with and maintain, and take reasonable actions to ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect;

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions actually and lawfully required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the failure to do or the pendency of such proceedings would not reasonably be expected to have a Material Adverse Effect; and

(c) Defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective employees, agents, officers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the members of the Consolidated Group or the Properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this paragraph shall survive repayment of the Loans and all other amounts payable hereunder, and termination of the Commitments.

7.9 Financial Covenants.

(a) Consolidated Leverage Ratio. As of the end of each fiscal quarter,

the Consolidated Leverage Ratio shall be not greater than 3.0:1.0.

(b) Consolidated Fixed Charge Coverage Ratio. As of the end of each

fiscal quarter, the Consolidated Fixed Charge Coverage Ratio shall be not less than 3.0:1.0.

(c) Consolidated Net Worth. As of the end of each fiscal quarter,

Consolidated Net Worth shall be not less than the sum of 85% of Consolidated Net Worth as of the Closing Date plus the net cash proceeds from the IPO plus on the

last day of each fiscal quarter to occur after the Closing Date, 75% of Consolidated Net Income for the fiscal quarter then ended, such increases to be cumulative, plus 100% of the net proceeds from Equity Transactions occurring

after the Closing Date.

(d) Capital Expenditures. Members of the Consolidated Group will not make

Capital Expenditures in any fiscal year which in the aggregate shall exceed:

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(i) for the period from the Closing Date through April 30, 1999, \$5 million; and

(ii) for each fiscal year ending after April 30, 1999, an amount equal to five percent (5%) of Consolidated Net Worth as of the last day of the immediately preceding fiscal year.

7.10 Administrative Fees.

Pay to the Administrative Agent the annual agency fee and comply with the other agreements provided for in the Administrative Agent's Fee Letter.

7.11 Additional Guaranties and Stock Pledges.

(a) Domestic Subsidiaries. Where Domestic Subsidiaries of the Borrower

which are not Credit Parties hereunder (the "Non-Guarantor Subsidiaries") shall

at any time constitute more than (the "Threshold Requirement"):

(i) in any instance for any such Non-Guarantor Subsidiary, five percent (5%) of consolidated assets for the Consolidated Group or five percent (5%) of consolidated revenues for the Consolidated Group, or

(ii) in the aggregate for all such Non-Guarantor Subsidiaries, ten percent (10%) of consolidated assets for the Consolidated Group or ten percent (10%) of consolidated revenues for the Consolidated Group,

then the Borrower shall (i) promptly notify the Administrative Agent thereof, and promptly cause such Domestic Subsidiary or Subsidiaries to become a Guarantor by execution of a Joinder Agreement, such that immediately after joinder as a Guarantor, the remaining Non-Guarantor Subsidiaries shall not in any instance, or collectively, exceed the Threshold Requirement, (ii) deliver with the Joinder Agreement, supporting resolutions, incumbency certificates, corporate formation and organizational documentation and opinions of counsel as the Administrative Agent may reasonably request, and (iii) deliver stock certificates and related pledge agreements or pledge joinder agreements evidencing the pledge of 100% of the Voting Stock of all such Domestic Subsidiaries (whether or not they are Guarantors) and 65% of the Voting Stock of all Foreign Subsidiaries, together with undated stock transfer powers executed in blank.

(b) Foreign Subsidiaries. At any time any Person becomes a Foreign

Subsidiary, the Borrower will promptly notify the Administrative Agent thereof and cause (i) delivery of supporting resolutions, incumbency certificates, corporation formation and organizational documentation and opinions of counsel as the Administrative Agent may reasonably request, and (ii) delivery of stock certificates (where required for perfection under local law) and a related pledge agreement or pledge joinder agreement evidencing the pledge of 65% of the Voting Stock of such Foreign Subsidiary and of 65% of the Voting Stock of each of its Domestic Subsidiaries

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and 65% of the Voting Stock of each of its Foreign Subsidiaries, together in each case with undated stock transfer powers executed in blank.

7.12 Ownership of Subsidiaries.

Except to the extent otherwise permitted in Section 8.4(b) and Section 8.7 and to the extent as would not cause a Change of Control and except as set forth on Schedule 6.14, the Borrower shall, directly or indirectly, own at all times

100% of the Voting Stock of each of its Subsidiaries.

7.13 Use of Proceeds.

Extensions of Credit will be used solely for the purposes provided in Section 6.15.

7.14 Year 2000 Compatibility.

Take all action reasonably necessary to assure that its computer based systems are able to operate and effectively process data including dates on and after January 1, 2000, and, at the reasonable request of the Administrative Agent or the Required Lenders, provide evidence to the Lenders of such year 2000 compatibility.

SECTION 8
NEGATIVE COVENANTS

Each of the Credit Parties covenants and agrees that on the Closing Date, and so long as this Credit Agreement is in effect and until the Commitments have been terminated, no Obligations remain outstanding and all amounts owing hereunder or in connection herewith, have been paid in full, no member of the Consolidated Group shall:

8.1 Indebtedness.

Contract, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness arising or existing under this Credit Agreement and the other Credit Documents;

(b) Indebtedness set forth in Schedule 8.1, and renewals, refinancings

and extensions thereof on terms and conditions not less favorable in any material respect than for such existing Indebtedness;

(c) Capital Lease Obligations and Indebtedness incurred, in each case, to provide all or a portion of the purchase price or costs of construction of an asset or, in the case of a sale/leaseback transaction as described in Section 8.11, to finance the value of such asset owned by a member of the Consolidated Group, provided that (i) such

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Indebtedness when incurred shall not exceed the purchase price or cost of construction of such asset or, in the case of a sale/leaseback transaction, the fair market value of such asset, (ii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing, and (iii) the total amount of all such Indebtedness shall not exceed \$10,000,000 at any time outstanding;

(d) Indebtedness and obligations owing under interest rate protection agreements relating to the Obligations hereunder and under interest rate, commodities and foreign currency exchange protection agreements entered into in the ordinary course of business to manage existing or anticipated risks and not for speculative purposes;

(e) unsecured intercompany Indebtedness owing by a member of the Consolidated Group to another member of the Consolidated Group (subject, however, to the limitations of Section 8.5 in the case of the member of the Consolidated Group extending the intercompany loan, advance or credit);

(f) Subordinated Debt of the Borrower;

(g) other unsecured Indebtedness of the Borrower of up to \$5,000,000 in the aggregate at any time outstanding; and

(h) Support Obligations of Indebtedness permitted under this Section 8.1.

8.2 Liens.

Contract, create, incur, assume or permit to exist any Lien with respect to any of their respective property or assets of any kind (whether real or personal, tangible or intangible), whether now owned or hereafter acquired, except for Permitted Liens.

8.3 Nature of Business.

Alter the character of their business in any material respect from that conducted as of the Closing Date and similar or related businesses.

8.4 Consolidation, Merger, Sale or Purchase of Assets, Capital

Expenditures, etc.

(a) Enter into a transaction of merger or consolidation, except

(i) a member of the Consolidated Group may be a party to a transaction of merger or consolidation with another member of the Consolidated Group, provided that (A) if the Borrower is a party thereto,

it shall be the surviving corporation, and (B) if a Guarantor is a party thereto and the Borrower is not a party thereto, a Guarantor shall be the surviving corporation or the surviving corporation shall be a Domestic Subsidiary and shall become a Guarantor hereunder as an Additional Credit Party pursuant to Section 7.11 concurrently therewith, and (C) no Default or Event of

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Default shall exist either immediately prior to or immediately after giving effect thereto; and

(ii) a member of the Consolidated Group (other than the Borrower) may be a party to a transaction of merger or consolidation with any other Person, provided that (A) the provisions of Section 7.11

regarding joinder of certain Subsidiaries as Additional Credit Parties hereunder shall be complied with, (B) no Default or Event of Default shall exist either immediately prior to or immediately after giving effect thereto, and (C) the provisions of subsection (c) of this Section shall be complied with.

(b) Sell, lease, transfer or otherwise dispose of assets, property and/or operations (including any sale-leaseback transaction, but excluding and not subject to clauses (i) and (ii) below, the sale of inventory in the ordinary course of business, the sale or disposition of plant, property and equipment which is no longer useful in the business or as to which the proceeds therefrom are reinvested in plant, property and equipment within six months thereof and the Excluded Asset Dispositions), other than to another Credit Party, which

(i) in the aggregate in any fiscal year shall constitute more than ten percent (10%) of total assets for the Consolidated Group at the end of the immediately preceding fiscal year or ten percent (10%) Consolidated Net Income for the immediately preceding fiscal year, and

(ii) no Default of Event of Default would exist after giving effect thereto on a Pro Forma Basis,

without the prior written consent of the Required Lenders (which consent shall not be unreasonably withheld or delayed).

(c) Acquire, including in connection with an Equity Transaction, all or any portion of the capital stock or other ownership interest in any Person which is not a Subsidiary or all or any substantial portion of the assets, property and/or operations of a Person which is not a Subsidiary, without the prior written consent of the Required Lenders (which consent shall not be unreasonably withheld or delayed), unless

(i) in the case of an acquisition of capital stock or other ownership interest after giving effect thereto, such Person will not be a Subsidiary, then such acquisition will not cause a violation of Section 8.5;

(ii) in the case of an acquisition of capital stock or other ownership interest after giving effect thereto, such Person will be a Subsidiary, or in the case of an acquisition of assets, property and/or operations then

(A) the cost of any such acquisition (or series of related transactions) shall not exceed \$25 million in any instance;

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(B) the acquisition is in the same or a similar or related line of business as that of the Credit Parties;

(C) the Board of Directors of the Person which is the subject of the acquisition shall have approved the acquisition; and

(D) no Default or Event of Default would exist after giving effect thereto on a Pro Forma Basis.

(d) In the case of the Borrower, liquidate, wind-up or dissolve,

whether voluntarily or involuntarily (or suffer to permit any such liquidation or dissolution).

8.5 Advances, Investments and Loans.

Lend money or extend credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, or otherwise make an Investment in, any Person except as permitted by Section 8.4 or as may be Permitted Investments.

8.6 Transactions with Affiliates.

Enter into or permit to exist any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder or Affiliate other than (i) transactions permitted by Section 8.1, Section 8.4(b), Section 8.5 or Section 8.10, (ii) customary fees and expenses paid to directors and (iii) where such transactions are on terms and conditions substantially as favorable as would be obtainable in a comparable arm's-length transaction with a Person other than an officer, director, shareholder or Affiliate.

8.7 Ownership of Equity Interests.

Issue, sell, transfer, pledge or otherwise dispose of any partnership interests, shares of capital stock or other equity or ownership interests ("Equity Interests") in any member of the Consolidated Group, except (i) issuance, sale or transfer of Equity Interests to a Credit Party by a Subsidiary of such Credit Party, (ii) in connection with a transaction permitted by Section 8.4, and (iii) as needed to qualify directors under applicable law.

8.8 Fiscal Year.

Change its fiscal year from an April 30 fiscal year end to any year-end other than December 31 (and only then upon prior notice to the Administrative Agent and adjustment of the financial covenants to reflect any partial year periods).

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8.9 Prepayments of Indebtedness, etc.

(a) After the issuance thereof, amend or modify (or permit the amendment or modification of), the terms of any other Indebtedness in a manner adverse to the interests of the Lenders (including specifically shortening any maturity or average life to maturity or requiring any payment sooner than previously scheduled or increasing the interest rate or fees applicable thereto);

(b) Make any prepayment, redemption, defeasance or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due), or refund, refinance or exchange of any Funded Debt (other than intercompany Indebtedness permitted hereunder) other than regularly scheduled payments of principal and interest on such Funded Debt.

8.10 Restricted Payments.

Make or permit any Restricted Payments, unless and to the extent that no Default or Event of Default shall exist immediately prior or after giving effect thereto on a Pro Forma Basis.

8.11 Sale Leasebacks.

Except as permitted pursuant to Section 8.1(c) hereof, directly or indirectly, become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an Operating Lease or a Capital Lease, of any Property (whether real or personal or mixed), whether now owned or hereafter acquired, (i) which such Person has sold or transferred or is to sell or transfer to any other Person other than a Credit Party or (ii) which such Person intends to use for substantially the same purpose as any other Property which has been sold or is to be sold or transferred by such Person to any other Person in connection with such lease.

8.12 No Further Negative Pledges.

Except with respect to prohibitions against other encumbrances on specific

Property encumbered to secure payment of particular Indebtedness (which Indebtedness relates solely to such specific Property, and improvements and accretions thereto, and is otherwise permitted hereby), no member of the Consolidated Group will enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation.

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SECTION 9
EVENTS OF DEFAULT

9.1 Events of Default.

An Event of Default shall exist upon the occurrence of any of the following specified events (each an "Event of Default"):

(a) Payment. Any Credit Party shall

(i) default in the payment when due of any principal of any of the Loans, or

(ii) default, and such defaults shall continue for three (3) or more Business Days, in the payment when due of any interest on the Loans or of any Fees or other amounts owing hereunder, under any of the other Credit Documents or in connection herewith or therewith; or

(b) Representations. Any representation, warranty or statement made or

deemed to be made herein, in any of the other Credit Documents, or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove untrue in any material respect on the date as of which it was deemed to have been made; or

(c) Covenants.

(i) Default in the due performance or observance of any term, covenant or agreement contained in Section 7.3(a), 7.9, 7.13 or 8.1 through 8.12 (except in the case of the negative covenants contained in Sections 8.1 through 8.12, those Defaults which may occur or arise other than on account of or by affirmative or intentional act of a Credit Party or event or condition which a Credit Party shall with knowledge permit to exist, all of which shall be subject to the provisions of clause (ii) hereof), inclusive, or

(ii) Default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in subsections (a), (b) or (c) (i) of this Section 9.1) contained in this Credit Agreement and such default shall continue unremedied for a period of at least 30 days after the earlier of a responsible officer of a Credit Party becoming aware of such default or notice thereof by the Administrative Agent; or

(d) Other Credit Documents. (i) Any Credit Party shall default in the due

performance or observance of any material term, covenant or agreement in any of the other Credit Documents (subject to applicable grace or cure periods, if any), or (ii) except as to the Credit Party which is dissolved, released or merged or consolidated out of existence as the result of or in connection with a dissolution, merger or disposition permitted by Section 8.4(a), Section 8.4(b) or Section 8.4(c), any Credit Document shall fail to be in full force and effect or to give the Administrative

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Agent and/or the Lenders any material part of the Liens, rights, powers and privileges purported to be created thereby; or

(e) Guaranties. Except as to the Credit Party which is dissolved, released

or merged or consolidated out of existence as the result of or in connection with a dissolution, merger or disposition permitted by Section 8.4(a), Section 8.4(b) or Section 8.4(c), the guaranty given by any Guarantor hereunder or any material provision thereof shall cease to be in full force and effect, or any Guarantor hereunder or any Person acting by or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under such guaranty, or any Guarantor shall default in the due performance or observance of any term,

covenant or agreement on its part to be performed or observed pursuant to any guaranty; or

(f) Bankruptcy, etc. Any Bankruptcy Event shall occur with respect to any

Credit Party; or

(g) Defaults under Other Agreements. With respect to any Indebtedness

(other than Indebtedness outstanding under this Credit Agreement) in excess of \$5,000,000 in the aggregate for the Consolidated Group taken as a whole, (A) (1) any member of the Consolidated Group shall default in any payment (beyond the applicable grace period with respect thereto, if any) with respect to any such Indebtedness, or (2) the occurrence and continuance of a default in the observance or performance relating to such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event or condition shall occur or condition exist, the effect of which default or other event or condition is to cause, or permit, the holder or holders of such Indebtedness (or trustee or agent on behalf of such holders) to cause (determined without regard to whether any notice or lapse of time is required), any such Indebtedness to become due prior to its stated maturity; or (B) any such Indebtedness shall be declared due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

(h) Judgments. Any member of the Consolidated Group shall fail within 30

days of the date due and payable to pay, bond or otherwise discharge any judgment, settlement or order for the payment of money which judgment, settlement or order, when aggregated with all other such judgments, settlements or orders due and unpaid at such time, exceeds \$5,000,000, and which is not stayed on appeal (or for which no motion for stay is pending) or is not otherwise being executed; or

(i) ERISA. Any of the following events or conditions, if such event or

condition could reasonably be expected to have a Material Adverse Effect and is not subject to indemnification in favor of the Consolidated Group: (1) any "accumulated funding deficiency," as such term is defined in Section 302 of ERISA and Section 412 of the Code, whether or not waived, shall exist with respect to any Plan, or any lien shall arise on the assets of a member of the Consolidated Group or any ERISA Affiliate in favor of the PBGC or a Plan; (2) an ERISA Event shall occur with respect to a Single Employer Plan, which is, in the reasonable opinion of the Administrative Agent, likely to result in the termination of such Plan for purposes of Title IV of ERISA; (3) an ERISA Event shall occur with respect to a Multiemployer Plan or Multiple

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Employer Plan, which is, in the reasonable opinion of the Administrative Agent, likely to result in (i) the termination of such Plan for purposes of Title IV of ERISA, or (ii) a member of the Consolidated Group or any ERISA Affiliate incurring any liability in connection with a withdrawal from, reorganization of (within the meaning of Section 4241 of ERISA), or insolvency of (within the meaning of Section 4245 of ERISA) such Plan; or (4) any prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility shall occur which may subject a member of the Consolidated Group or any ERISA Affiliate to any liability under Sections 406, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which a member of the Consolidated Group or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability; or

(j) Ownership. There shall occur a Change of Control.

9.2 Acceleration; Remedies.

Upon the occurrence of an Event of Default, and at any time thereafter, the Administrative Agent shall, upon the request and direction of the Required Lenders, by written notice to the Credit Parties take any of the following actions:

(i) Termination of Commitments. Declare the Commitments terminated

whereupon the Commitments shall be immediately terminated.

(ii) Acceleration. Declare the unpaid principal of and any accrued

interest in respect of all Loans and any and all other indebtedness or obligations of any and every kind owing by the Credit Parties to the Administrative Agent and/or any of the Lenders hereunder to be due whereupon the same shall be immediately due and payable without

presentment, demand, protest or other notice of any kind, all of which are hereby waived by each of the Credit Parties.

(iii) Enforcement of Rights. Enforce any and all rights and

interests created and existing under the Credit Documents and all rights of set-off.

Notwithstanding the foregoing, if an Event of Default specified in Section 9.1(f) shall occur, then the Commitments shall automatically terminate and all Loans, all accrued interest in respect thereof, all accrued and unpaid Fees and other indebtedness or obligations owing to the Administrative Agent and/or any of the Lenders hereunder automatically shall immediately become due and payable without presentment, demand, protest or the giving of any notice or other action by the Administrative Agent or the Lenders, all of which are hereby waived by the Credit Parties.

SECTION 10
AGENCY PROVISIONS

10.1 Appointment.

Each Lender hereby designates and appoints NationsBank, N.A. as administrative agent (in such capacity, the "Administrative Agent") of such

Lender to act as specified herein and the other Credit Documents, and each such Lender hereby authorizes the Administrative Agent as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of this Credit Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated by the terms hereof and of the other Credit Documents, together with such other powers as are reasonably incidental thereto. Each Lenders further directs and authorizes the Administrative Agent to execute releases (or similar agreements) to give effect to the provisions of this Credit Agreement and the other Credit Documents, including specifically without limitation the provisions of Section 8.4 hereof. Notwithstanding any provision to the contrary elsewhere herein and in the other Credit Documents, the Administrative Agent shall not have any duties or responsibilities to any Lender, except those expressly set forth herein and therein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities to any Lender shall be read into this Credit Agreement or any of the other Credit Documents, or shall otherwise exist against the Administrative Agent. The provisions of this Section are solely for the benefit of the Administrative Agent and the Lenders and none of the Credit Parties shall (i) have any rights as a third party beneficiary of the provisions hereof or (ii) have any other rights otherwise and elsewhere given them limited by the provisions hereof. In performing its functions and duties under this Credit Agreement and the other Credit Documents, the Administrative Agent shall act solely as Administrative Agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation or relationship of agency or trust with or for any Credit Party or any of their respective Affiliates.

10.2 Delegation of Duties.

The Administrative Agent may execute any of its duties hereunder or under the other Credit Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

10.3 Exculpatory Provisions.

The Administrative Agent and its officers, directors, employees, agents, attorneys-in-fact or affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection herewith or in connection with any of the other Credit Documents (except for its or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any of the Credit Parties contained herein or in any of the other Credit Documents or in any

certificate, report, document, financial statement or other written or oral statement referred to or provided for in, or received by the Administrative Agent under or in connection herewith or in connection with the other Credit

Documents, or enforceability or sufficiency therefor of any of the other Credit Documents, or for any failure of any Credit Party to perform its obligations hereunder or thereunder. The Administrative Agent shall not be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Credit Agreement, or any of the other Credit Documents or for any representations, warranties, recitals or statements made herein or therein or made by the Borrower or any Credit Party in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Administrative Agent to the Lenders or by or on behalf of the Credit Parties to the Administrative Agent or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default or Event of Default or to inspect the properties, books or records of the Credit Parties or any of their respective Affiliates.

10.4 Reliance on Communications.

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to any of the Credit Parties, independent accountants and other experts selected by the Administrative Agent with reasonable care). The Administrative Agent may deem and treat the Lenders as the owners of their respective interests hereunder for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent in accordance with Section 11.3(b) hereof. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Credit Agreement or under any of the other Credit Documents unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or under any of the other Credit Documents in accordance with a request of the Required Lenders (or to the extent specifically provided in Section 11.6, all the Lenders) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders (including their successors and assigns).

10.5 Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or a Credit Party referring to the Credit Document, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice

thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders.

10.6 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender expressly acknowledges that each of the Administrative Agent and its officers, directors, employees, Administrative Agents, attorneys-in-fact or affiliates has not made any representations or warranties to it and that no act by the Administrative Agent or any affiliate thereof hereinafter taken, including any review of the affairs of any Credit Party or any of their respective Affiliates, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrower, the other Credit Parties or their respective Affiliates and made its own decision to make its Loans hereunder and enter into this Credit Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Credit Agreement, and to make such investigation as it deems necessary to

inform itself as to the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrower, the other Credit Parties and their respective Affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, property, financial or other conditions, prospects or creditworthiness of the Borrower, the other Credit Parties or any of their respective Affiliates which may come into the possession of the Administrative Agent or any of its officers, directors, employees, Administrative Agents, attorneys-in-fact or affiliates.

10.7 Indemnification.

The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Commitments (or if the Commitments have expired or been terminated, in accordance with the respective principal amounts of outstanding Loans and Participation Interests of the Lenders), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the final payment of all of the obligations of the Borrower hereunder and under the other Credit Documents) be imposed on, incurred by or asserted against the Administrative Agent in its capacity as such in any way relating to or arising out of this Credit Agreement or the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of

any portion of such

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Administrative Agent. If any indemnity furnished to the Administrative Agent for any purpose shall, in the opinion of the Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section shall survive the repayment of the Loans and other obligations under the Credit Documents and the termination of the Commitments hereunder.

10.8 Administrative Agent in its Individual Capacity.

The Administrative Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower, its Subsidiaries or their respective Affiliates as though the Administrative Agent were not the Administrative Agent hereunder. With respect to the Loans made by and all obligations of the Borrower hereunder and under the other Credit Documents, the Administrative Agent shall have the same rights and powers under this Credit Agreement as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

10.9 Successor Administrative Agent.

The Administrative Agent may, at any time, resign upon 20 days' written notice to the Lenders, and may be removed, upon show of cause, by the Required Lenders upon 30 days' written notice to the Administrative Agent. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the notice of resignation or notice of removal, as appropriate, then the retiring Administrative Agent shall select a successor Administrative Agent provided such successor is a Lender hereunder or a commercial bank organized under the laws of the United States of America or of any State thereof and has a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations as Administrative Agent, as appropriate, under this Credit Agreement and the other Credit Documents and the provisions of this Section 10.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Credit Agreement.

SECTION 11
MISCELLANEOUS

11.1 Notices.

Except as otherwise expressly provided herein, all notices and other communications shall have been duly given and shall be effective (i) when delivered, (ii) when transmitted via telecopy (or other facsimile device) to the number set out below, (iii) the day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, or (iv) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective parties at the address, in the case of the Borrower, Guarantors and the Administrative Agent, set forth below, and, in the case of the Lenders, set forth on Schedule

11.1, or at such other address as such party may specify by written notice to

the other parties hereto:

if to the Borrower or the Guarantors:

Navigant International, Inc.
84 Inverness Circle East
Englewood, Colorado 80112-5314
Attn: General Counsel
Telephone: (303) 706-0800
Telecopy: (303) 706-0678

if to the Administrative Agent:

NationsBank, N.A.
101 N. Tryon Street
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attn: Agency Services
Telephone: (704) 388-9436
Telecopy: (704) 388-1108

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with a copy to:

NationsBank, N.A.
Corporate Finance Group
6610 Rockledge Drive, 6th Floor
MD2-600-06-13
Bethesda, Maryland 20817-1876
Attn: Michael R. Heredia
Telephone: (301) 571-0724
Telecopy: (301) 571-0719

11.2 Right of Set-Off.

In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Lender is authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind (all of which rights being hereby expressly waived), to set-off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Lender (including, without limitation branches, agencies or Affiliates of such Lender wherever located) to or for the credit or the account of any Credit Party against obligations and liabilities of such Person to such Lender hereunder, under the Notes, the other Credit Documents or otherwise, irrespective of whether such Lender shall have made any demand hereunder and although such obligations, liabilities or claims, or any of them, may be contingent or unmatured, and any such set-off shall be deemed to have been made immediately upon the occurrence of an Event of Default even though such charge is made or entered on the books of such Lender subsequent thereto. Any Person purchasing a participation in the Loans and Commitments hereunder pursuant to Section 3.13 or Section 11.3(d) may exercise all rights of set-off with respect to its participation interest as fully as if such Person were a Lender hereunder.

11.3 Benefit of Agreement.

(a) Generally. This Credit Agreement shall be binding upon and inure

to the benefit of and be enforceable by the respective successors and assigns of

the parties hereto; provided that none of the Credit Parties may assign or

transfer any of its interests without prior written consent of the Lenders;
provided further that the rights of each Lender to transfer, assign or grant

participations in its rights and/or obligations hereunder shall be limited as
set forth in this Section 11.3, provided however that nothing herein shall

prevent or prohibit any Lender from (i) pledging its Loans hereunder to a
Federal Reserve Bank in support of borrowings made by such Lender from such
Federal Reserve Bank, or (ii) granting assignments or selling participations in
such Lender's Loans and/or Commitments hereunder to its parent company and/or to
any Affiliate or Subsidiary of such Lender.

(b) Assignments. Each Lender may assign all or a portion of its

rights and obligations hereunder (including, without limitation, all or a
portion of its Commitments or its Loans), pursuant to an assignment agreement
substantially in the form of Schedule 11.3(b), to (i) a Lender, (ii) an

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affiliate of a Lender or (iii) any other Person (other than the Borrower or an
Affiliate of the Borrower) reasonably acceptable to the Administrative Agent
and, so long as no Default or Event of Default has occurred and is continuing,
the Borrower (the consent of the Borrower shall not be unreasonably withheld or
delayed and such consent shall be deemed given if the Borrower does not notify
the assigning Lender and the Administrative Agent of any objection within two
Business Days after the Borrower has been provided notice of the proposed
assignment by the assigning Lender or the Administrative Agent); provided that

(i) any such assignment (other than any assignment to an existing Lender) shall
be in a minimum aggregate amount of \$5,000,000 (or, if less, the remaining
amount of the Commitment being assigned by such Lender) of the Commitments and
in integral multiples of \$1,000,000 above such amount and (ii) each such
assignment shall be of a constant, not varying, percentage of all such Lender's
rights and obligations under this Credit Agreement. Any assignment hereunder
shall be effective upon delivery to the Administrative Agent of written notice
of the assignment together with a transfer fee of \$3,500 payable to the
Administrative Agent for its own account from and after the later of (i) the
effective date specified in the applicable assignment agreement and (ii) the
date of recording of such assignment in the Register pursuant to the terms of
subsection (c) below. The assigning Lender will give prompt notice to the
Administrative Agent and the Borrower of any such assignment. Upon the
effectiveness of any such assignment (and after notice to, and (to the extent
required pursuant to the terms hereof), with the consent of, the Borrower as
provided herein), the assignee shall become a "Lender" for all purposes of this
Credit Agreement and the other Credit Documents and, to the extent of such
assignment, the assigning Lender shall be relieved of its obligations hereunder
to the extent of the Loans and Commitment components being assigned. Along such
lines the Borrower agrees that upon notice of any such assignment and surrender
of the appropriate Note or Notes, it will promptly provide to the assigning
Lender and to the assignee separate promissory notes in the amount of their
respective interests substantially in the form of the original Note (but with
notation thereon that it is given in substitution for and replacement of the
original Note or any replacement notes thereof). By executing and delivering an
assignment agreement in accordance with this Section 11.3(b), the assigning
Lender thereunder and the assignee thereunder shall be deemed to confirm to and
agree with each other and the other parties hereto as follows: (i) such
assigning Lender warrants that it is the legal and beneficial owner of the
interest being assigned thereby free and clear of any adverse claim; (ii) except
as set forth in clause (i) above, such assigning Lender makes no representation
or warranty and assumes no responsibility with respect to any statements,
warranties or representations made in or in connection with this Credit
Agreement, any of the other Credit Documents or any other instrument or document
furnished pursuant hereto or thereto, or the execution, legality, validity,
enforceability, genuineness, sufficiency or value of this Credit Agreement, any
of the other Credit Documents or any other instrument or document furnished
pursuant hereto or thereto or the financial condition of any Credit Party or any
of their respective Affiliates or the performance or observance by any Credit
Party of any of its obligations under this Credit Agreement, any of the other
Credit Documents or any other instrument or document furnished pursuant hereto
or thereto; (iii) such assignee represents and warrants that it is legally
authorized to enter into such assignment agreement; (iv) such assignee confirms
that it has received a copy of this Credit Agreement, the other Credit Documents
and such other documents and information as it has deemed appropriate to make
its own credit analysis and decision to enter into such assignment agreement;
(v) such assignee will independently and without reliance upon the
Administrative Agent, such assigning

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Lender 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 Credit Agreement and the other Credit Documents; (vi) such assignee appoints and authorizes the Administrative Agent to take such action on its behalf and to exercise such powers under this Credit Agreement or any other Credit Document as are delegated to the Administrative Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Credit Agreement and the other Credit Documents are required to be performed by it as a Lender.

(c) Maintenance of Register. The Administrative Agent shall maintain

at one of its offices in Charlotte, North Carolina a copy of each Lender assignment agreement delivered to it in accordance with the terms of subsection (b) above and a register for the recordation of the identity of the principal amount, type and Interest Period of each Loan outstanding hereunder, the names, addresses and the Commitments of the Lenders pursuant to the terms hereof from time to time (the "Register"). The Administrative Agent will make reasonable

efforts to maintain the accuracy of the Register and to promptly update the Register from time to time, as necessary. The entries in the Register shall be conclusive in the absence of manifest error and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Credit Agreement. The Register shall be available for inspection by the Borrower and each Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Each Lender may sell, transfer, grant or assign

participations in all or a portion of such Lender's rights, obligations or rights and obligations hereunder (including all or a portion of its Commitments or its Loans); provided that (i) such selling Lender shall remain a "Lender" for

all purposes under this Credit Agreement (such selling Lender's obligations under the Credit Documents remaining unchanged) and the participant shall not constitute a Lender hereunder, (ii) no such participant shall have, or be granted, rights to approve any amendment or waiver relating to this Credit Agreement or the other Credit Documents except to the extent any such amendment or waiver would (A) reduce the principal of or rate of interest on or Fees in respect of any Loans in which the participant is participating, (B) postpone the date fixed for any payment of principal (including extension of the Termination Date or the date of any mandatory prepayment), interest or Fees in which the participant is participating, (C) except as expressly provided in the Credit Documents, release any Guarantor from its guaranty obligations hereunder, or (D) except as the result of or in connection with a disposition permitted under Section 8.4(b), release all or substantially all of the collateral, and (iii) sub-participations by the participant (except to an affiliate, parent company or affiliate of a parent company of the participant) shall be prohibited. In the case of any such participation, the participant shall not have any rights under this Credit Agreement or the other Credit Documents (the participant's rights against the selling Lender in respect of such participation to be those set forth in the participation agreement with such Lender creating such participation) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation, provided, however,

that such participant shall be entitled to receive additional amounts under Sections 3.6, 3.9, 3.10, 3.11 and 11.2 on the same basis as if it were a Lender.

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11.4 No Waiver; Remedies Cumulative.

No failure or delay on the part of the Administrative Agent or any Lender in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between the Administrative Agent or any Lender and any of the Credit Parties shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies which the Administrative Agent or any Lender would otherwise have. No notice to or demand on any Credit Party in any case shall entitle the Borrower or any other Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or the Lenders to any other or further action in any circumstances without notice or demand.

11.5 Payment of Expenses, etc.

The Borrower agrees to: (i) pay all reasonable out-of-pocket costs and expenses (A) of the Administrative Agent in connection with the negotiation, preparation, execution and delivery and administration of this Credit Agreement and the other Credit Documents and the documents and instruments referred to therein (including, without limitation, the reasonable and documented fees and expenses of Moore & Van Allen, PLLC, special counsel to the Administrative Agent) and any amendment, waiver or consent relating hereto and thereto including, but not limited to, any such amendments, waivers or consents resulting from or related to any work-out, renegotiation or restructure relating to the performance by the Credit Parties under this Credit Agreement and (B) of the Administrative Agent and the Lenders in connection with enforcement of the Credit Documents and the documents and instruments referred to therein (including, without limitation, in connection with any such enforcement, the reasonable and documented fees and disbursements of counsel for the Administrative Agent and each of the Lenders and documented); (ii) pay and hold each of the Lenders harmless from and against any and all present and future stamp and other similar taxes with respect to the foregoing matters and save each of the Lenders harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Lender) to pay such taxes; and (iii) indemnify each Lender, its officers, directors, employees, representatives and Administrative Agents from and hold each of them harmless against any and all losses, liabilities, claims, damages or expenses incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of (A) any investigation, litigation or other proceeding (whether or not any Lender is a party thereto) related to the entering into and/or performance of any Credit Document or the use of proceeds of any Loans (including other extensions of credit) hereunder or the consummation of any other transactions contemplated in any Credit Document, including, without limitation, the reasonable and documented fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding, except to the extent any such costs arise out of or relate to disputes solely between or among the Administrative Agent and/or the Lenders or (B) the presence or Release of any Materials of Environmental Concern at, under or from any Property owned, operated or leased by the Borrower or any of its Subsidiaries, or the failure by the Borrower or any of its Subsidiaries to

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comply with any Environmental Law (but excluding, in the case of either of clause (A) or (B) above, any such losses, liabilities, claims, damages or expenses to the extent incurred by reason of gross negligence or willful misconduct on the part of the Person to be indemnified).

11.6 Amendments, Waivers and Consents.

Neither this Credit Agreement nor any other Credit Document nor any of the terms hereof or thereof may be amended, changed, waived, discharged or terminated unless such amendment, change, waiver, discharge or termination is in writing entered into by, or approved in writing by, the Required Lenders and the Borrower, provided, however, that:

(a) without the consent of each Lender affected thereby, neither this Credit Agreement nor any of the other Credit Documents may be amended to

(i) extend the final maturity of any Loan or extend or waive any principal amortization payment of any Loan, or any portion thereof,

(ii) reduce the rate or extend the time of payment of interest (other than as a result of waiving the applicability of any increase in interest rates after the occurrence of an Event of Default or on account of a failure to deliver financial statements on a timely basis) thereon or Fees hereunder,

(iii) reduce or waive the principal amount of any Loan,

(iv) increase the Commitment of a Lender over the amount thereof in effect (it being understood and agreed that a waiver of any Default or Event of Default or mandatory reduction in the Commitments shall not constitute a change in the terms of any Commitment of any Lender),

(v) except as the result of or in connection with a dissolution, merger or disposition of a Subsidiary permitted under Section 8.4, release the Borrower or substantially all of the other Credit Parties from its or their obligations under the Credit Documents,

(vi) except as the result of or in connection with a disposition permitted under Section 8.4(b), release all or

substantially all of the collateral,

(vii) except as a result of or in connection with a dissolution, merger or disposition of a Subsidiary permitted under Section 8.4, release the Borrower or all or substantially all of the Guarantors from their obligations under the Credit Agreement,

(viii) amend, modify or waive any provision of this Section 11.6 or Section 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 3.14, 9.1(a), 11.2, 11.3, 11.5 or 11.9,

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(ix) reduce any percentage specified in, or otherwise modify, the definition of Required Lenders, or

(x) consent to the assignment or transfer by the Borrower (or another Credit Party) of any of its rights and obligations under (or in respect of) the Credit Documents except as permitted thereby;

(b) without the consent of the Agent, no provision of Section 10 may be amended.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (x) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent provisions set forth herein and (y) the Required Lenders may consent to allow a Credit Party to use cash collateral in the context of a bankruptcy or insolvency proceeding.

11.7 Counterparts.

This Credit Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Credit Agreement to produce or account for more than one such counterpart.

11.8 Headings.

The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Credit Agreement.

11.9 Survival.

All indemnities set forth herein, including, without limitation, in Section 2.2(i), 3.9, 3.11, 10.7 or 11.5 shall survive the execution and delivery of this Credit Agreement, the making of the Loans, the repayment of the Loans and other obligations under the Credit Documents and the termination of the Commitments hereunder, and all representations and warranties made by the Credit Parties herein shall survive delivery of the Notes and the making of the Loans hereunder.

11.10 Governing Law; Submission to Jurisdiction; Venue.

(a) THIS CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA. Any legal action or proceeding with respect to this Credit Agreement or any other Credit Document may be brought in the courts

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of the State of North Carolina in Mecklenburg County, or of the United States for the Western District of North Carolina, and, by execution and delivery of this Credit Agreement, each of the Credit Parties hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the nonexclusive jurisdiction of such courts. Each of the Credit Parties further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address set out for notices pursuant to Section 11.1, such service to become effective three (3) days after such mailing. Nothing herein shall affect the right of the Administrative Agent to serve process in any other manner permitted by law or to commence legal proceedings or to otherwise proceed against any Credit Party in any other jurisdiction.

(b) Each of the Credit Parties hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Credit Agreement or any other Credit Document brought in the courts referred to in subsection (a) hereof and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) TO THE EXTENT PERMITTED BY LAW, EACH OF THE ADMINISTRATIVE AGENT, THE LENDERS, THE BORROWER AND THE CREDIT PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS CREDIT AGREEMENT, ANY OF THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.11 Severability.

If any provision of any of the Credit Documents is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

11.12 Entirety.

This Credit Agreement together with the other Credit Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to the Credit Documents or the transactions contemplated herein and therein.

11.13 Binding Effect; Termination.

(a) This Credit Agreement shall become effective at such time on or after the Closing Date when it shall have been executed by the Borrower, the Guarantors and the Administrative Agent, and the Administrative Agent shall have received copies hereof (telefaxed or otherwise) which, when taken together, bear the signatures of each Lender, and thereafter this Credit

Agreement shall be binding upon and inure to the benefit of the Borrower, the Guarantors, the Administrative Agent and each Lender and their respective successors and assigns.

(b) The term of this Credit Agreement shall be until no Loans or any other amounts payable hereunder or under any of the other Credit Documents shall remain outstanding and until all of the Commitments hereunder shall have expired or been terminated.

11.14 Confidentiality.

The Administrative Agent and the Lenders agree to keep confidential (and to cause their respective affiliates, officers, directors, employees, agents and representatives to keep confidential) all information, materials and documents furnished to the Administrative Agent or any such Lender by or on behalf of any Credit Party (whether before or after the Closing Date) which relates to the Borrower or any of its Subsidiaries (the "Information"). Notwithstanding the

foregoing, the Administrative Agent and each Lender shall be permitted to disclose Information (i) to its affiliates, officers, directors, employees, Administrative Agents and representatives in connection with its participation in any of the transactions evidenced by this Credit Agreement or any other Credit Documents or the administration of this Credit Agreement or any other Credit Documents; (ii) to the extent required by applicable laws and regulations or by any subpoena or similar legal process, or requested by any Governmental Authority; (iii) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Credit Agreement or any agreement entered into pursuant to clause (iv) below, (B) becomes available to the Administrative Agent or such Lender on a non-confidential basis from a source other than a Credit Party or (C) was available to the Administrative Agent or such Lender on a non-confidential basis prior to its disclosure to the Administrative Agent or such Lender by a Credit Party; (iv) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) first specifically agrees in a writing furnished to and for the benefit of the Credit Parties to be bound by the terms of this Section 11.14; or (v) to the extent that the Borrower shall have consented in writing to such disclosure. Nothing set forth in this Section 11.14 shall obligate the Administrative Agent or any Lender to return any materials furnished by the Credit Parties.

11.15 Source of Funds.

Each of the Lenders hereby represents and warrants to the Borrower that at least one of the following statements is an accurate representation as to the source of funds to be used by such Lender in connection with the financing hereunder:

(a) no part of such funds constitutes assets allocated to any separate account maintained by such Lender in which any employee benefit plan (or its related trust) has any interest;

(b) to the extent that any part of such funds constitutes assets allocated to any separate account maintained by such Lender, such Lender has disclosed to the Borrower the name of each employee benefit plan whose assets in such account exceed 10% of the total

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assets of such account as of the date of such purchase (and, for purposes of this subsection (b), all employee benefit plans maintained by the same employer or employee organization are deemed to be a single plan);

(c) to the extent that any part of such funds constitutes assets of an insurance company's general account, such insurance company has complied with all of the requirements of the regulations issued under Section 401(c)(1)(A) of ERISA; or

(d) such funds constitute assets of one or more specific benefit plans which such Lender has identified in writing to the Borrower.

As used in this Section 11.15, the terms "employee benefit plan" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

11.16 Conflict.

To the extent that there is a conflict or inconsistency between any provision hereof, on the one hand, and any provision of any Credit Document, on the other hand, this Credit Agreement shall control.

[Signature Page to Follow]

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IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Credit Agreement to be duly executed and delivered as of the date first above written.

BORROWER: NAVIGANT INTERNATIONAL, INC.

a Delaware corporation
By: _____
Name:
Title:

GUARANTORS: PROFESSIONAL TRAVEL CORPORATION,

a Colorado corporation
By: _____
Name:
Title:

ASSOCIATED TRAVEL SERVICES, LLC,
a Delaware limited liability company
By: _____
Name:
Title:

MCGREGOR TRAVEL MANAGEMENT, INC.,
a Connecticut corporation
By: _____
Name:
Title:

MTA, INC.,
a Washington corporation

By: _____
Name:
Title:

LENDERS:

NATIONSBANK, N.A.,

individually in its capacity as a
Lender and in its capacity as Administrative
Agent

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

Schedule 2.1(a)

Schedule of Lenders and Commitments

<TABLE> <CAPTION>	Lender -----	Revolving Committed Amount -----	Revolving Commitment Percentage -----	LOC Committed Amount -----
<S>	NationsBank, N.A.	<C> \$35,000,000	<C> 58.33%	<C> \$1,166,666.67
	US Bank National Association	\$25,000,000	41.67%	\$ 833,333.33

</TABLE>

Schedule 2.1(b)(i)

FORM OF NOTICE OF BORROWING

NationsBank, N.A.
as Administrative Agent for the Lenders
101 N. Tryon Street
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attention: Agency Services

NationsBank, N.A.,
as Swingline Lender
101 N. Tryon Street
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attention: Agency Services

RE: Credit Agreement dated as of June 9, 1998 (as amended and
modified, the "Credit Agreement") among NAVIGANT

INTERNATIONAL, INC., the Guarantors and Lenders identified
therein and NationsBank, N.A., as Administrative Agent. Terms
used but not otherwise defined herein shall have the meanings
provided in the Credit Agreement.

Ladies and Gentlemen:

The undersigned hereby gives notice of a request for Revolving Loan pursuant to
Section 2.1(b) of the Credit Agreement or of a request for Swingline Loan
pursuant to Section 2.2(b) of the Credit Agreement as follows:

- | | | |
|-------|--|-------|
| _____ | Revolving Loan | |
| _____ | Swingline Loan | |
| (A) | Date of Borrowing
(which is a Business Day) | _____ |
| (B) | Principal Amount of
Borrowing | _____ |
| (C) | Interest rate basis | _____ |
| (D) | Interest Period and the | |

In accordance with the requirements of Section 5.2 of the Credit Agreement, the undersigned Borrower hereby certifies that:

(a) The representations and warranties contained in the Credit Agreement and the other Credit Documents are true and correct in all material respects as of the date of this request, and will be true and correct after giving effect to the requested Extension of Credit (except for those which expressly related to an earlier date).

(b) No Default or Event of Default exists, or will exist after giving effect to the requested Extension of Credit.

(c) As to any Credit Party, no involuntary action has been commenced under applicable bankruptcy, insolvency or other similar law in effect, or any case, proceeding or other action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) as to any Credit Party or as to any substantial party of the property of any Credit Party or for the winding up or liquidation of its affairs, and remains undismissed, undischarged or unbonded.

(d) No circumstances, events or conditions have occurred since the date of the audited financial statements referenced in Section 6.1 of the Credit Agreement which would have a Material Adverse Effect.

(e) All conditions set forth in Section 2.1 as to the making of Revolving Loans or in Section 2.2 as to the making of Swingline Loans, as appropriate, have been satisfied.

Very truly yours,

NAVIGANT INTERNATIONAL, INC.

By: _____
Name:
Title:

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Schedule 2.1(E)

FORM OF NOTE

June 9, 1998

FOR VALUE RECEIVED, the undersigned Borrower, hereby promises to pay to the order of _____, and its successors and assigns, on or before the Termination Date to the office of the Administrative Agent in immediately available funds as provided in the Credit Agreement,

(i) in the case of Loans, such Lender's Revolving Committed Amount or, if less, the aggregate unpaid principal amount of all Revolving Loans owing to such Lender;

(ii) in the case of Swingline Loans, if such lender is the Swingline Lender, the aggregate Swingline Committed Amount or, if less, the aggregate unpaid principal amount of all Swingline Loans owing to such Swingline Lender; and

together with interest thereon at the rates and as provided in the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement dated as of June 9, 1998 (as amended and modified, the "Credit Agreement") among

NAVIGANT INTERNATIONAL, INC., a Delaware corporation, the Guarantors and Lenders identified therein and NationsBank, N.A., as Administrative Agent. Terms used but not otherwise defined herein shall have the meanings provided in the Credit Agreement.

The holder may endorse and attach a schedule to reflect borrowings evidenced by this Note and all payments and prepayments thereon; provided that -----
any failure to endorse such information shall not affect the obligation of the undersigned Borrower to pay amounts evidenced hereby.

Upon the occurrence of an Event of Default, all amounts evidenced by this Note may, or shall, become immediately due and payable as provided in the Credit Agreement without presentment, demand, protest or notice of any kind, all of which are waived by the undersigned Borrower. In the event payment of amounts

evidenced by this Note is not made at any stated or accelerated maturity, the undersigned Borrower agrees to pay, in addition to principal and interest, all costs of collection, including reasonable attorneys' fees.

This Note and the Loans and amounts evidenced hereby may be transferred only as provided in the Credit Agreement.

This Note shall be governed by, and construed and interpreted in accordance with, the law of the State of North Carolina.

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In WITNESS WHEREOF, the undersigned Borrower has caused this Note to be duly executed as of the date first above written.

NAVIGANT INTERNATIONAL, INC.,
a Delaware corporation

By: _____
Name:
Title:

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Schedule 2.2(B)-1

Existing Letters of Credit

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SCHEDULE 2.2(B)-2

Form of Notice of Request for Letter of Credit

[Date]

<TABLE>

<S>

NationsBank, N.A.
as Issuing Lender under the
Credit Agreement referred to below
101 N. Tryon Street
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255

</TABLE>

<C>

NationsBank, N.A.
as Administrative Agent under the
Credit Agreement referred to below
101 N. Tryon Street
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255

Attention: Agency Services

Re: Credit Agreement dated as of June 9, 1998 (as amended and modified, the "CREDIT AGREEMENT") among Navigant International, Inc., the Guarantors and Lenders identified therein and NationsBank, N.A., as Administrative Agent. Terms used but not otherwise defined herein shall have the meanings provided in the Credit Agreement.

Ladies and Gentlemen:

The undersigned, pursuant to Section 2.2(b) of the Credit Agreement, hereby requests that the following Letters of Credit be made on [date] as follows:

- (1) Account Party:
- (2) For use by:
- (3) Beneficiary:
- (4) Face Amount of Letter of Credit:
- (5) Date of Issuance:

Delivery of Letter of Credit should be made as follows:

In accordance with the requirements of Section 5.2 of the Credit Agreement, the undersigned Borrower hereby certifies that:

(a) The representations and warranties contained in the Credit Agreement and the other Credit Documents are true and correct in all material

respects as of the date of this request, and will be true and correct after giving effect to the requested Extension of Credit (except for those which expressly relate to an earlier date).

(b) No Default or Event of Default exists, or will exist after giving effect to the requested Extension of Credit.

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(c) As to any Credit Party, no involuntary action has been commenced under applicable bankruptcy, insolvency or other similar law in effect, or any case, proceeding or other action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) as to any Credit Party or as to any substantial part of the property of any Credit Party or for the winding up or liquidation of its affairs, and remains undismissed, undischarged or unbonded.

(d) No circumstances, events or conditions have occurred since the date of the audited financial statements referenced in Section 7.1 of the Credit Agreement which could reasonably be expected to have a Material Adverse Effect.

(e) All conditions set forth in Section 2.2 as to the issuance of a Letter of Credit have been satisfied.

Very truly yours,

NAVIGANT INTERNATIONAL, INC.

By: _____
Name:
Title:

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SCHEDULE 3.2

Form of Notice of Extension/Conversion

NationsBank, N.A.,
as Administrative Agent for the Lenders
101 N. Tryon Street
Independence Center, 15th Floor
NCL-001-15-04
Charlotte, North Carolina 28255
Attention: Agency Services

Re: Credit Agreement dated as of June 9, 1998 (as amended and modified, the "CREDIT AGREEMENT") among NAVIGANT INTERNATIONAL, INC., the Guarantors and Lenders identified therein and NationsBank, N.A., as Administrative Agent. Terms used but not otherwise defined herein shall have the meanings provided in the Credit Agreement.

Ladies and Gentlemen:

The undersigned hereby gives notice pursuant to Section 3.2 of the Credit Agreement that it requests an extension or conversion of a Revolving Loan outstanding under the Credit Agreement, and in connection therewith sets forth below the terms on which such extension or conversion is requested to be made:

- (A) Date of Extension or Conversion
(which is the last day of the applicable Interest Period) _____
- (B) Principal Amount of Extension or Conversion _____
- (C) Interest rate basis _____
- (D) Interest Period and the last day thereof _____

In accordance with the requirements of Section 5.2 of the Credit Agreement, the undersigned Borrower hereby certifies that:

(a) The representations and warranties contained in the Credit Agreement and the other Credit Documents are true and correct in all material respects as of the date of this request, and will be true and correct after giving effect to the requested Extension of Credit (except for those which expressly relate to an earlier date).

(b) No Default or Event of Default exists, or will exist after

giving effect to the requested Extension of Credit.

(c) As to any Credit Party, no involuntary action has been commenced under applicable bankruptcy, insolvency or other similar law in effect, or any case, proceeding or other action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) as to any Credit Party or as to any substantial part of the property of any Credit Party or for the winding up or liquidation of its affairs, and remains undismissed, undischarged or unbonded.

(d) No circumstances, events or conditions have occurred since the date of the audited financial statements referenced in Section 6.1 of the Credit Agreement which would have a Material Adverse Effect.

Very truly yours,

NAVIGANT INTERNATIONAL, INC.

By: _____
Name:
Title:

SCHEDULE 5.1(I) (V)

Assistant Secretary's Certificate

Pursuant to Section 5.1(i)(v) of the Credit Agreement (the "CREDIT AGREEMENT"), dated as of June 9, 1998, among NAVIGANT INTERNATIONAL, INC., a Delaware corporation, the Guarantors and Lenders identified therein and NationsBank, N.A., as Administrative Agent, the undersigned _____, Assistant Secretary of _____ (the "CORPORATION") hereby certifies as follows:

1. Attached hereto as Annex I is a true and complete copy of resolutions duly adopted by the Board of Directors of the Corporation on _____, 199_. The attached resolutions have not been rescinded or modified and remain in full force and effect. The attached resolutions are the only corporate proceedings of the Corporation now in force relating to or affecting the matters referenced to therein.
2. Attached hereto as Annex II is a true and complete copy of the By-laws of the Corporation as in effect on the date hereof.
3. Attached hereto as Annex III is a true and complete copy of the Certificate of Incorporation of the Corporation and all amendments thereto as in effect on the date hereof.
4. The following persons are now duly elected and qualified officers of the Corporation, holding the offices indicated, and the signature appearing opposite his name below is his true and genuine signature, and such officer is duly authorized to execute and deliver on behalf of the Corporation, the Credit Agreement, the Notes to be issued pursuant thereto and the other Credit Documents and to act as a Responsible Officer on behalf of the Corporation under the Credit Agreement.

NAME	OFFICE	SIGNATURE

IN WITNESS WHEREOF, the undersigned has hereunto set his/her name and affixed the corporate seal of the Corporation.

Assistant Secretary

Date: _____, 1998

I, _____, _____ of _____, hereby certify that _____, whose genuine signature appears above, is, and has been at all times since _____, a duly elected, qualified and acting _____ of _____.

_____ of

_____, 1998

SCHEDULE 6.6

Description of Legal Proceedings

SCHEDULE 6.8

Existing Liens

SCHEDULE 6.14

Subsidiaries

SCHEDULE 7.2(B)

Form of Officer's Compliance Certificate

This Certificate is delivered in accordance with the provisions of Section 7.2(b) of that Credit Agreement dated as of June 9, 1998 (as amended, modified and supplemented, the "CREDIT AGREEMENT") among NAVIGANT INTERNATIONAL, INC., a Delaware corporation, the Guarantors and Lenders identified therein, and NationsBank, N.A., as Administrative Agent. Terms used but not otherwise defined herein shall have the same meanings provided in the Credit Agreement.

The undersigned, being a Responsible Officer of NAVIGANT INTERNATIONAL, INC., a Delaware corporation, hereby certifies, in my official capacity and not in my individual capacity, that to the best of my knowledge and belief:

(a) the financial statements accompanying this Certificate fairly present the financial condition of the parties covered by such financial statements in all material respects;

(b) during the period the Credit Parties have observed or performed all of their covenants and other agreements in all material respects, and satisfied in all material respects every material condition, contained in this Credit Agreement to be observed, performed or satisfied by them;

(c) the undersigned has no actual knowledge of any Default or Event of Default; and

(d) detailed calculations demonstrating compliance with the financial covenants set out in Section 7.9 of the Credit Agreement accompanying this Certificate.

This the _____ day of _____, 199_.

NAVIGANT INTERNATIONAL, INC.

By: _____
Name:
Title:

ATTACHMENT TO OFFICER'S CERTIFICATE

Computation of Financial Covenants

Form of Joinder Agreement

THIS JOINDER AGREEMENT (the "Agreement"), dated as of

_____, 199_, is by and between _____, a
_____, (the "Applicant Guarantor"), and NATIONSBANK, N.A., in its

capacity as Administrative Agent under that certain Credit Agreement dated as of June 9, 1998 (as amended and modified, the "Credit Agreement") by and among

NAVIGANT INTERNATIONAL, INC., a Delaware corporation, the Guarantors and Lenders identified therein and NationsBank, N.A., as Administrative Agent. All of the defined terms in the Credit Agreement are incorporated herein by reference.

The Applicant Guarantor has indicated its desire to become a Guarantor or is required by the terms of Section 7.11 of the Credit Agreement to become a Guarantor under the Credit Agreement.

Accordingly, the Applicant Guarantor hereby agrees as follows with the Administrative Agent for the benefit of the Lenders:

1. The Applicant Guarantor hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the Applicant Guarantor will be deemed to be a party to the Credit Agreement and a "Guarantor" for all purposes of the Credit Agreement and the other Credit Documents, and shall have all of the obligations of a Guarantor thereunder as if it had executed the Credit Agreement and the other Credit Documents. The Applicant Guarantor agrees to be bound by all of the terms, provisions and conditions contained in the Credit Documents, including without limitation (i) all of the affirmative and negative covenants set forth in Sections 7 and 8 of the Credit Agreement and (ii) all of the undertakings and waivers set forth in Section 4 of the Credit Agreement. Without limiting the generality of the foregoing terms of this paragraph 1, the Applicant Guarantor hereby (A) jointly and severally together with the other Guarantors, guarantees to each Lender and the Administrative Agent as provided in Section 4 of the Credit Agreement, the prompt payment and performance of the Guaranteed Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) strictly in accordance with the terms thereof, (B) agrees that if any of the Guaranteed Obligations are not paid or performed in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise), the Applicant Guarantor will, jointly and severally together with the other Guarantors, promptly pay and perform the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) in accordance with the terms of such extension or renewal, (C) grants to the Administrative Agent a security interest in its Collateral as referred in, and pursuant to the terms of, the Security Agreement, and (D) pledges and grants a security interest to the Administrative Agent in the Pledged Stock identified in Schedule A attached and the other

Collateral as referred in, and pursuant to the terms of, the Pledge Agreement.

2. The Applicant Guarantor acknowledges and confirms that it has received a copy of the Credit Agreement and the Schedules and Exhibits thereto. The information on the Schedules to the Credit Agreement, the Security Agreement and the Pledge Agreement are amended to provide the information shown on the attached Schedule A.

3. The Applicant Guarantor hereby waives acceptance by the Administrative Agent and the Lenders of the guaranty by the Applicant Guarantor under Section 4 of the Credit Agreement upon the execution of this Joinder Agreement by the Applicant Guarantor.

4. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute one contract.

5. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Applicant Guarantor has caused this Joinder Agreement to be duly executed by its authorized officers, and the Administrative Agent, for the benefit of the Lenders, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

APPLICANT GUARANTOR

By: _____
Name:
Title:

Address for Notices:

Attn:
Telephone:
Telecopy:

Acknowledged and accepted:

NATIONSBANK, N.A., as Administrative Agent

By: _____
Name:
Title:

Schedule A

to
Joinder Agreement

Schedule 1 to Security Agreement

Applicant Guarantor -----	Address for Notices -----	Chief Executive Office -----	Locations of Collateral -----	Record Owner -----
<S>	<C>	<C>	<C>	<C>

Schedule 1 Po Aledge agreement

Pledgor/Applicant Guarantor -----	Issuer -----	Class -----	Cert. No. -----	No. Shares -----	Percent -----
<S>	<C>	<C>	<C>	<C>	<C>

Schedule 8.1

Indebtedness

Schedule 8.5

Existing Investments

Schedule 11.1

Lenders and Addresses

Notice Address

NationsBank, N.A.

NationsBank, N.A.
101 N. Tryon Street
Independence Center, 15th Floor
Agency Services
Charlotte, NC 28255
ATTN: Ret Taylor

with a copy to:

NationsBank, N.A.
Corporate Finance Group
6610 Rockledge Drive

U.S. Bank National Association

U.S. Bank National Association
8401 E. Belleview Avenue
Denver, Colorado 80237
ATTN: George E. Adams

Schedule 11.3(b)

Form of Assignment and Acceptance

THIS ASSIGNMENT AND ACCEPTANCE dated as of , 199_ is entered into between THE LENDER IDENTIFIED ON THE SIGNATURE PAGES AS THE "ASSIGNOR" (the "Assignor") and THE PARTIES IDENTIFIED ON THE SIGNATURE PAGES AS "ASSIGNEES" ("Assignee").

Reference is made to that Credit Agreement dated as of June 9, 1998 (as amended and modified, the "Credit Agreement") among NAVIGANT INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), the Guarantors and Lenders identified therein and NationsBank, N.A., as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings.

1. The Assignor hereby sells and assigns, without recourse, to the Assignees, and the Assignees hereby purchase and assume, without recourse, from the Assignor, effective as of the Effective Date shown below, those rights and interests of the Assignor under the Credit Agreement identified below (the "Assigned Interests"), including the Obligations and Commitments relating thereto, together with unpaid interest and fees relating thereto accruing from the Effective Date. The Assignor represents and warrants that it owns interests assigned hereby free and clear of liens, encumbrances or other claims. Each of the Assignees represents that it is an Eligible Assignee within the meaning of the term in the Credit Agreement. The Assignor and each of the Assignees hereby makes and agrees to be bound by all the representations, warranties and agreements set forth in Section 11.3 of the Credit Agreement, a copy of which has been received by each such party. From and after the Effective Date (i) each Assignee, if it is not already a Lender under the Credit Agreement, shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the interests assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) each Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement (other than the rights of indemnification referenced in Section 11.9 of the Credit Agreement). Schedule 2.1(A) is deemed modified and amended to the extent necessary to give effect to this Assignment.

2. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of North Carolina.

3. Terms of Assignment

- (a) Date of Assignment: _____, 199_
- (b) Legal Name of Assignor: SEE SIGNATURE PAGE
- (c) Legal Name of Assignee: SEE SIGNATURE PAGE
- (d) Effective Date of Assignment: _____, 199_

See Schedule I attached for a description of the Loans and Obligations and Commitments (and the percentage interests therein and relating thereto) which are the subject of this Assignment and Acceptance.

4. The fee payable to the Paying Agent in connection with this Assignment is enclosed.

IN WITNESS WHEREOF, the parties hereto have caused the execution of this instrument by their duly authorized officers as of the date first above written.

ASSIGNOR:

ASSIGNEE:

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGMENT AND CONSENT

NATIONSBANK, N.A.
as Administrative Agent

NAVIGANT INTERNATIONAL, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE I

TO ASSIGNMENT AND ACCEPTANCE
NAVIGANT INTERNATIONAL, INC.

REVOLVING LOANS PRIOR TO ASSIGNMENT

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<CAPTION>

	Revolving Committed Amount -----	Revolving Commitment Percentage -----	Revolving Loans Outstanding -----
ASSIGNOR -----	<S>	<C>	<C>
ASSIGNEES -----			
	-----	-----	-----
	\$		\$

</TABLE>

REVOLVING LOANS SUBJECT TO THIS ASSIGNMENT

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ASSIGNOR -----	<S>	<C>	<C>
ASSIGNEES -----			
	-----	-----	-----
	\$		\$

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SCHEDULE I

TO ASSIGNMENT AND ACCEPTANCE
NAVIGANT INTERNATIONAL, INC.

REVOLVING LOANS AFTER ASSIGNMENT

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ASSIGNOR -----	<S>	<C>	<C>
ASSIGNEES -----			

\$

\$

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