

As filed with the Securities and Exchange Commission on March , 1997

Registration No. 33-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM S-3
REGISTRATION STATEMENT
Under The Securities Act Of 1933

LOMAK PETROLEUM, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware 500 Throckmorton Street 34-1312571
(STATE OR OTHER JURISDICTION OF Ft. Worth Texas 76102 (I.R.S. EMPLOYER
INCORPORATION OR ORGANIZATION) (817) 870-2601 IDENTIFICATION NO.)

(ADDRESS, INCLUDING ZIP CODE, TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

John H. Pinkerton, President
Lomak Petroleum, Inc.
500 Throckmorton Street Fort Worth, Texas 76102
(817) 870-2601

(Name, address, including zip code, and telephone number, including area code,
of agent for service)

With a copy to:
J. Mark Metts
Vinson & Elkins L.L.P.
1001 Fannin, Suite 2300
Houston, Texas 77002-6760
(713) 758-2222

Approximate date of commencement of proposed sale to the public: FROM TIME
TO TIME AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box [].

If any of the securities being registered on this Form are to be offered
on a delayed or continuous basis pursuant to Rule 415 under the Securities Act
of 1933, other than securities offered only in connection with dividend or
interest reinvestment plans, check the following box [x].

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act of 1933, please check the
following box and list the Securities Act registration statement number of the
earlier effective registration statement for the same offering[]

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering []

If delivery of the prospectus is expected to be made pursuant to Rule
434, please check the following box []

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION
STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF
THE SECURITIES ACT OF 1933, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME
EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING
PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
6% Convertible Subordinated Debentures Due 2007.....	\$55,000,000	\$ -	\$ 55,000,000	\$ 16,667
Common Stock, \$.01 par value(2).....	4,287,249	\$ 19.125	\$ 81,993,637	\$ 24,847
Total.....				\$ 41,514

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- (1) Estimated solely for the purpose of computing the registration fee. This amount was calculated pursuant to Rule 457 under the Securities Act of 1933, as amended, based on a price of \$19.125 (average of the high and low price of the Common Stock of Lomak Petroleum, Inc, on the New York Stock Exchange on March 12 1997).
- (2) Includes 2,857,143 shares of the Common Stock issuable upon conversion of the 6% Convertible Subordinated Notes Due 2007, 1,410,106 shares of Common Stock owned by Cometra Energy L.P. and 20,000 shares of the Common Stock issuable upon the exercise of warrants outstanding at an exercise price of \$12.88 per share.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These Securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any such offer, solicitation or sale would be unlawful prior to registration or qualification under the Securities laws of any such State.

SUBJECT TO COMPLETION, DATED MARCH , 1997

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PROSPECTUS

LOMAK PETROLEUM, INC.

\$55,000,000 OF 6% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2007
AND
4,287,249 SHARES OF COMMON STOCK

This Prospectus relates to the offer and sale by the Selling Securityholders (as defined below) of the following securities of Lomak Petroleum, Inc., a Delaware corporation (the "Company"): (i) \$55,000,000 of 6% Convertible Subordinated Debentures due 2007 (the "6% Debentures") and (ii) 4,287,249 shares (the "Common Shares") of Common Stock, \$.01 par value per share (the "Common Stock").

The foregoing securities consist of the 6% Debentures, the 2,857,143 shares of the Common Stock issuable upon the conversion of the 6% Debentures, the 1,410,106 shares of Common Stock owned by Cometra Energy L.P. and 20,000 shares of the Common Stock issuable upon the exercise of outstanding warrants to purchase Common Stock at a price of \$12.88 per share (the "Warrants") (collectively the "Selling Securityholder Securities"), which may be sold from time to time for the accounts of certain stockholders and debentureholders of the Company (the "Selling Securityholders"). See "Selling Securityholders".

The Securities may be sold through agents, underwriters or dealers designated from time to time. If any underwriters are involved in the sale of the Securities by the Company in respect of which this Prospectus is being delivered, the names of such agents or underwriters and any applicable discounts or commissions with respect to such Securities will also be set forth in a Prospectus Supplement, to the extent required. See "Plan of Distribution."

The Common Stock is traded on the New York Stock Exchange ("NYSE") under the symbol "LOM". The closing price of the Common Stock on March 21, 1997, was \$19.125.

The Securities offered by this Prospectus may be sold from time to time by the Selling Securityholders, or by their transferees. The distribution of these securities may be effected in one or more transactions that may take place on the NYSE, including ordinary brokers' transactions, privately negotiated transactions or through sales to one or more dealers for resale of such securities as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the Selling Securityholders.

The Selling Securityholders and intermediaries through whom such securities are sold may be deemed "underwriters" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), with respect to the securities offered, and any profits realized or commissions received may be deemed underwriting compensation. The Company has agreed to indemnify certain of the Selling Securityholders against certain liabilities, including liabilities under the Securities Act.

The Company will not receive any of the proceeds from the sale of shares of the Securities by the Selling Securityholders. See "Use of Proceeds."

All expenses of the registration of securities covered by this Prospectus, estimated to be \$75,000, are to be borne by the Company, except that the Selling Securityholders will pay any applicable underwriters' commissions and expenses, brokerage fees or transfer taxes, as well as the fees and disbursements of their counsel.

SEE "RISK FACTORS" BEGINNING ON PAGE 3 OF THIS PROSPECTUS FOR A DESCRIPTION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SECURITIES HEREBY OFFERED.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is March , 1997.

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AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities of the Commission, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as the following regional offices: 7 World Trade Center, Suite 1300, New York, New York 10048; and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies can be obtained by mail at prescribed rates. Requests for copies should be directed to the Commission's Public Reference Section, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains a Website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. In addition, reports, proxy statements and other information concerning the Company can be inspected and copied at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005, on which the Common Stock is listed.

This Prospectus constitutes a part of a Registration Statement filed by the Company with the Commission under the Securities Act. This prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and related exhibits for further information with respect to the Company and the Securities offered hereby. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents and information heretofore filed with the Commission by the Company are hereby incorporated by reference into this Prospectus:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
2. The Company's Current Report on Form 8-K dated February 26, 1997, as amended on Form 8-K/A on March 14, 1997.
3. The Company's Current Report on Form 8-K, dated April 19, 1996, as amended on Form 8-K/A, dated May 31, 1996
4. The description of the Common Stock contained in the Registration Statement on Form 8-A declared effective by the Commission on October 8, 1996.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offerings made hereby shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The Company will provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, upon the written or oral request of any such person, a copy of any document described above (other than exhibits). Requests for such copies should be directed to Lomak Petroleum, Inc., 500 Throckmorton Street, Fort Worth, Texas 76102, Attn: Corporate Secretary, Telephone No. (817) 870-2601.

THE COMPANY

Lomak is an independent energy company engaged in oil and gas development, exploration and acquisition primarily in three core areas: the Midcontinent, Appalachia and the Gulf Coast. Over the past five years, the Company has significantly increased its reserves and production through acquisitions and, to a growing extent, development and exploration of its properties. On a pro forma basis as of December 31, 1996, the Company had proved reserves of 644 Bcfe with a Present Value of \$974 million. On an Mcfe basis, the reserves were 63% developed and 77% natural gas, with a reserve life index excess of 13 years. Properties operated by the Company accounted for 94% of its pro forma Present Value. The Company also owns over 2,000 miles of gas gathering systems and a gas processing plant in proximity to its principal gas properties. On a pro forma basis in 1996, the Company had revenues of \$172 million and EBITDA of \$105 million.

The Company recently acquired oil and gas properties located in West Texas, South Texas and the Gulf of Mexico (the "Cometra Properties") from American Cometra, Inc. ("Cometra") for a purchase price of \$385 million (the "Cometra Acquisition"), consisting of \$355 million in cash and 1,410,106 shares of Common Stock. The Company financed the cash portion of the purchase price with \$221 million of borrowings under its bank credit facility and the issuance to Cometra of a \$134 million non-interest bearing promissory note due March 31, 1997, which is secured by a bank letter of credit. As a result of the Cometra Acquisition, the Company has significantly expanded its inventory of both development and exploration projects, increased its proved reserves at December 31, 1996 by 68% to 644 Bcfe and increased the Company's Present Value at December 31, 1996 by 98% to \$974 million.

From 1991 through 1996, the Company made 63 acquisitions for an aggregate purchase price of approximately \$635 million and has spent \$39 million on development and exploration activities. These activities have added approximately 719 Bcfe of reserves at an average cost of \$0.76 per Mcfe. As a result, the Company has achieved substantial growth since 1991.

The Company maintains its corporate headquarters at 500 Throckmorton Street, Fort Worth, Texas 76102 and its telephone number is (817) 870-2601.

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider, together with the other information contained in this Prospectus, the following risk factors:

VOLATILITY OF OIL AND GAS PRICES

The Company's financial condition, operating results and future growth and the carrying value of its oil and gas properties are substantially dependent on prevailing prices of, and demand for, oil and gas. The Company's ability to maintain or increase its borrowing capacity and to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. Historically the markets for oil and gas have been volatile and are likely to continue to be volatile in the future. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include weather conditions in the United States and elsewhere, the economic conditions in the United States and elsewhere, the actions of the Organization of Petroleum Exporting Countries ("OPEC"), governmental regulation, political stability in the Middle East and elsewhere, the supply and demand of oil and gas, the price of foreign imports and the availability and prices of alternate fuel sources. Any substantial and extended decline in the price of oil or gas would have an adverse effect on the Company's carrying value of its proved reserves, borrowing capacity, the Company's ability to obtain additional capital, and its financial condition, revenues, profitability and cash flows from operations.

Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

UNCERTAINTY OF ESTIMATES OF RESERVES AND FUTURE NET REVENUES

This Prospectus contains estimates of the Company's oil and gas reserves and the future net revenues from those reserves which have been prepared by the Company and certain independent petroleum consultants. Reserve engineering is a subjective process of estimating the recovery from underground accumulations of oil and gas that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Estimates of economically recoverable oil and gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. Because all reserve estimates are to some degree speculative, the quantities of oil and gas that are ultimately recovered, production and operation costs, the amount and timing of future development expenditures and future oil and gas sales prices may all vary from those assumed in these estimates and such variances may be material. In addition, different reserve engineers may make different estimates of reserve quantities and cash flows based upon the same available data.

The present value of estimated future net cash flows referred to in this Prospectus should not be construed as the current market value of the estimated proved oil and gas reserves attributable to the Company's properties. In accordance with applicable requirements of the Commission, the estimated discounted future net cash flows from proved reserves are generally based on prices and costs as of the date of the estimate, whereas actual future prices and costs may be materially higher or lower. The calculation of the Present Value of the Company's oil and gas reserves were based on prices on December 31, 1996. Average product prices at December 31, 1996 were \$23.58 per barrel of oil and \$3.54 per Mcf of gas and pro forma average product prices at December 31, 1996 were \$23.23 per barrel of oil and \$3.99 per Mcf of gas, which prices were substantially higher than historical prices used by the Company to calculate Present Value in recent years. The closing price on the New York Mercantile Exchange ("NYMEX") for the prompt month contract delivered at Henry Hub on December 31, 1996 and February 28, 1997 was \$2.76 and \$1.83, respectively. The closing price on NYMEX for the prompt month contract delivered for Light Crude Oil on December 31, 1996 and February 28, 1997 was \$25.92 and \$20.30, respectively. In addition, the calculation of the present value of the future net revenues using a 10% discount as required by the Commission is not necessarily the most appropriate discount factor based on interest rates in effect from time to time and risks associated with the Company's reserves or the oil and gas industry in general. Furthermore, the Company's reserves may be subject to downward or upward revision based upon actual production, results of future development, supply and demand for oil and gas, prevailing oil and gas prices and other factors.

FINDING AND ACQUIRING ADDITIONAL RESERVES

The Company's future success depends upon its ability to find or acquire additional oil and gas reserves that are economically recoverable. Except to the extent the Company conducts successful exploration or development activities or acquires properties containing proved reserves, the proved reserves of the Company will generally decline as they are produced. There can be no assurance that the Company's planned development projects and acquisition activities will result in significant additional reserves or that the Company will have success drilling productive wells at economic returns. If prevailing oil and gas prices were to increase significantly, the Company's finding costs to add new reserves could increase. The drilling of oil and gas wells involves a high degree of risk, especially the risk of dry holes or of wells that are not sufficiently productive to provide an economic return on the capital expended to drill the wells. The cost of drilling, completing and operating wells is uncertain, and drilling or production may be curtailed or delayed as a result of many factors.

The Company's business is capital intensive. To maintain its base of proved oil and gas reserves, a significant amount of cash flow from operations must be reinvested in property acquisitions, development or exploration activities. To the extent cash flow from operations is reduced and external sources of capital become limited or unavailable, the Company's ability to make the necessary capital investments to maintain or expand its asset base would be impaired. Without such investment, the Company's oil and gas reserves would decline.

DEVELOPMENT AND EXPLORATION RISKS

The Company intends to increase its development and exploration activities. Exploration drilling, and to a lesser extent development drilling, involve a high degree of risk that no commercial production will be obtained or that the production will be insufficient to recover drilling and completion costs. The cost of drilling, completing and operating wells is uncertain. The Company's drilling operations may be curtailed, delayed or canceled as a result of numerous factors, including title problems, weather conditions, compliance with governmental requirements and shortages or delays in the delivery of equipment. Furthermore, completion of a well does not assure a profit on the investment or a recovery of drilling, completion and operating costs.

ACQUISITION RISKS

The Company intends to continue acquiring oil and gas properties. It generally is not feasible to review in detail every individual property involved in an acquisition. Ordinarily, review efforts are focused on the higher-valued properties. However, even a detailed review of all properties and records may not reveal existing or potential problems nor will it permit the Company to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Inspections are not always performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken.

The Cometra Acquisition substantially increased the Company's reserves, cash flow and production. The Company's ability to achieve any advantages from the Cometra Acquisition will depend in large part on successfully integrating the Cometra Properties into the operations of the Company. No assurances can be made that the Company will be able to achieve such integration successfully.

EFFECTS OF LEVERAGE

On a pro forma basis giving effect to the Cometra Acquisition and the related financings, at December 31, 1996, the Company's outstanding indebtedness would have been \$412 million and the Company's ratio of total debt to total capitalization would have been 66%. In 1994, 1995, 1996 and on a pro forma basis for 1996, the Company's ratio of earnings to fixed charges was 2.0x, 2.1x, 3.6x and 1.9x, respectively. The principal payment obligations of the Company's pro forma debt for 1997, 1998 and 1999 amount to \$26,000, \$413,000 and \$12,000 respectively. The Company's level of indebtedness will have several important effects on its future operations, including (i) a substantial portion of the Company's cash flow from operations must be dedicated to the payment of interest on its indebtedness and will not be available for other purposes, (ii) covenants contained in the Company's debt obligations will require the Company to meet certain financial tests, and other restrictions will limit its ability to borrow additional funds or to dispose of assets and may affect the Company's flexibility in planning for, and reacting to, changes in its businesses, including possible acquisition activities and (iii) the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes may be impaired. The Company's ability to meet its debt service obligations and to reduce its total indebtedness will be dependent upon the Company's future performance, which will be subject to oil and gas prices, the Company's level of production, general economic conditions and to financial, business and other factors affecting the operations of the Company, many of which are beyond its control. There can be no assurance that the Company's future performance will not be adversely affected by some or all of these factors. In addition, the Credit Agreement and the Indenture for the Notes contain restrictions on the Company's ability to pay dividends on capital stock. Under the most restrictive of these provisions, the Company could have paid \$5,000,000 of dividends as of December 31, 1996. See "Forward-Looking Information."

CAPITAL AVAILABILITY

The Company's strategy of acquiring and developing oil and gas properties is dependent upon its ability to obtain financing for such acquisitions and development projects. The Company expects to utilize the Credit Agreement among the Company and several banks (the "Banks") to borrow a portion of the funds required for any given transaction or project. If funds under the Credit Agreement are not available to fund acquisition and development projects, the Company would seek to obtain such financing from the sale of equity securities or other debt financing. There can be no assurance that any such other financing would be available on terms acceptable to the Company. Should sufficient capital not be available, the Company may not be able to continue to implement its strategy.

The Credit Agreement limits the amounts the Company may borrow to amounts, determined by the Banks, in their sole discretion, based upon a variety of factors including the discounted present value of the Company's estimated future net cash flow from oil and gas production (the "Borrowing Base"). At March 17, 1997, the Borrowing Base was \$300 million, of which the Company had borrowings of \$329 million outstanding (including \$134 million of then outstanding letters of credit to secure the promissory note issued to Cometra as part of the purchase price in the Cometra Acquisition). If oil or gas prices decline below their current levels, the availability of funds and the ability to pay outstanding amounts under the Credit Agreement could be materially adversely affected. The Indenture for the Company's 8.75% Senior Subordinated Notes Due 2007 (the "Senior Subordinated Notes") also contains restrictions on the Company's ability to incur additional indebtedness, and other contractual arrangements to which the Company may become subject to in the future could contain similar restrictions.

OPERATING HAZARDS AND UNINSURED RISKS; PRODUCTION CURTAILMENTS

The oil and gas business involves a variety of operating risks, including, but not limited to, unexpected formations or pressures, uncontrollable flows of oil, gas, brine or well fluids into the environment (including groundwater contamination), blowouts, cratering, fires, explosions, pipeline ruptures or spills, pollution and other risks, any of which could result in personal injuries, loss of life, damage to properties, environmental pollution, suspension of operations and substantial losses. Although the Company carries insurance which it believes is reasonable, it is not fully insured against all risks. The Company does not carry business interruption insurance. Losses and liabilities arising from uninsured or under-insured events could have a material adverse effect on the financial condition and results of operations of the Company.

From time to time, due primarily to contract terms, pipeline interruptions or weather conditions, the producing wells in which the Company owns an interest have been subject to production curtailments. The curtailments vary from a few days to several months. In most cases the Company is provided only limited notice as to when production will be curtailed and the duration of such curtailments. The Company is currently not curtailed on any of its production.

Certain of the Cometra Properties are offshore operations in the Gulf of Mexico which are subject to a variety of operating risks peculiar to the marine environment, such as hurricanes or other adverse weather conditions, more extensive governmental regulation, including regulations that may, in certain circumstances, impose strict liability for pollution damage, and to interruption or termination of operations by governmental authorities based on environmental or other considerations.

HEDGING RISKS

From time to time, the Company hedges a portion of its physical oil and natural gas production by entering short positions through fixed price swaps or options. The Company does not generally trade directly utilizing NYMEX futures. The Company currently has one oil fixed price swap relating to 80,000 Bbls in each of January, February and March 1997 and 60,000 Bbls in April 1997. The settlement is determined by the difference between the Company's fixed price and the average of the daily prompt NYMEX WTI contract during each corresponding month. The Company had one fixed price natural gas swap during January 1997 relating to 155,000 MmBtu. As of March 17, 1997, there are no other hedge positions.

The Company's Vice-President--Gas Management has the responsibility for implementing approved hedge strategies. The hedge program provides for oversight and reporting requirements, hedge goals and how strategies will be developed.

The above described hedges represent approximately 12% of the Company's combined oil and gas production through April 1997, and there are none thereafter. The production that is hedged represents 51% of the Company's oil production and 1% of the Company's gas production through April 1997. None of the production sold pursuant to fixed price gas sales contracts is hedged.

These hedges have in the past involved fixed price arrangements and other price arrangements at a variety of prices, floors and caps. The Company may in the future enter into oil and natural gas futures contracts, options and swaps. The Company's hedging activities, while intended to reduce the Company's sensitivity to changes in market prices of oil and gas, are subject to a number of risks including instances in which (i) production is less than expected, (ii) there is a widening of price differentials between delivery points required by fixed price delivery contracts to the extent they differ from those of the Company's production or (iii) the Company's customers or the counterparties to its futures contracts fail to purchase or deliver the contracted quantities of oil or natural gas. Additionally, the fixed price sales and hedging contracts limit the benefits the

Company will realize if actual prices rise above the contract prices. In the future, the Company may increase the percentage of its production covered by hedging arrangements.

GAS CONTRACT RISK

A significant portion of the Company's production is subject to fixed price contracts. On a pro forma basis, approximately 47% of average gas production for December 1996 was sold subject to fixed price sales contracts (including a contract relating to the Cometra Properties described below and excluding the hedging activities described above). These fixed price contracts are at prices ranging from \$2.15 to \$3.70 per Mcf. The fixed price contracts with terms of less than one year, between one and five years and greater than five years constitute approximately 31%, 65% and 4%, respectively, of the volume sold under fixed price contracts. The fixed price sales contracts limit the benefits the Company will realize if actual prices rise above the contract prices.

As part of the Cometra Acquisition, the Company acquired a gas sales contract covering 20,000 acres currently producing approximately 20,000 Mcf/d. The price paid pursuant to the contract was \$3.70 per Mcf at December 31, 1996 (65% higher than average 1996 natural gas prices received by the Company) and escalates at \$0.05 per Mcf per annum. The contract is with a large gas utility and expires in June 2000. This contract represents 15% of the Company's pro forma December 1996 production on an Mcfe basis.

The gas contract contains language that requires the purchaser to purchase all of the gas legally produced on the designated acreage. The contract also contains language that may be read to provide that the purchaser is not required to purchase more than 80% of the Company's delivery capacity (up to a delivery capacity of 20,000 Mcf/d). However, since the commencement of the contract in 1990 through the date hereof, the purchaser has purchased all of the gas produced on the designated acreage.

The Company believes that these fixed price contracts are enforceable and it has not received any notice or other indication from any of the counterparties that they intend to cease performing any of their obligations under these contracts. However, there can be no assurance that one or more of these counterparties will not attempt to totally or partially mitigate their obligations under these contracts. If any of the purchasers under the contracts should be successful in doing so, then the Company could be required to market its production on less attractive terms, which could have a material adverse effect on the Company's financial condition, results of operations and cash flow.

GAS GATHERING, PROCESSING AND MARKETING

The Company's gas gathering, processing and marketing operations depend in large part on the ability of the Company to contract with third party producers to produce their gas, to obtain sufficient volumes of committed natural gas reserves, to maintain throughput in the Company's processing plant at optimal levels, to replace production from declining wells, to assess and respond to changing market conditions in negotiating gas purchase and sale agreements and to obtain satisfactory margins between the purchase price of its natural gas supply and the sales price for such residual gas volumes and the natural gas liquids processed. In addition, the Company's operations are subject to changes in regulations relating to gathering and marketing of oil and gas. The inability of the Company to attract new sources of third party natural gas or to promptly respond to changing market conditions or regulations in connection with its gathering, processing and marketing operations could materially adversely affect the Company's financial condition and results of operations.

LAWS AND REGULATIONS

The Company's operations are affected by extensive regulation pursuant to various federal, state and local laws and regulations relating to the exploration for and development, production, gathering, marketing, transportation and storage of oil and gas. These regulations, among other things, control the rate of oil and gas production, and control the amount of oil that may be imported. The Company's operations are subject to numerous laws and regulations governing plugging and abandonment, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations require the acquisition of a permit before drilling commences, restrict the types, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas, and impose substantial liabilities

for pollution which might result from the Company's operations. The Company may also be subject to substantial clean-up costs for any toxic or hazardous substance that may exist under any of its properties. Moreover, the recent trend toward stricter standards in environmental legislation and regulation is likely to continue. For instance, legislation has been proposed in Congress from time to time that would reclassify certain crude oil and natural gas exploration and production wastes as "hazardous wastes" which would make the reclassified wastes subject to much more stringent handling, disposal and clean-up requirements. If such legislation were to be enacted, it could have a significant impact on the operating costs of the Company, as well as the oil and gas industry in general. Initiatives to further regulate the disposal of crude oil and natural gas wastes are also pending in certain states, and these various initiatives could have a similar impact on the Company. The Company could incur substantial costs to comply with environmental laws and regulations.

COMPETITION

The Company encounters substantial competition in acquiring properties, marketing oil and gas, securing equipment and personnel and operating its properties. The competitors in acquisitions, development, exploration and production include major oil companies, numerous independent oil and gas companies, individual proprietors and others. Many of these competitors have financial and other resources which substantially exceed those of the Company and have been engaged in the energy business for a much longer time than the Company. Therefore, competitors may be able to pay more for desirable leases and to evaluate, bid for and purchase a greater number of properties or prospects than the financial or personnel resources of the Company will permit.

DEPENDENCE ON KEY PERSONNEL

The Company depends, and will continue to depend in the foreseeable future, on the services of its officers and key employees with extensive experience and expertise in evaluating and analyzing producing oil and gas properties and drilling prospects, maximizing production from oil and gas properties and marketing oil and gas production, including John H. Pinkerton, the Company's President and Chief Executive Officer. However, the Company does not have employment contracts with any of its officers or key employees. The ability of the Company to retain its officers and key employees is important to the continued success and growth of the Company. The loss of key personnel could have a material adverse effect on the Company. The Company does not maintain key man life insurance on any of its officers or key employees.

CERTAIN BUSINESS INTERESTS OF CHAIRMAN

Thomas J. Edelman, Chairman of the Company, is also the Chairman, President and Chief Executive Officer of Patina Oil & Gas Company ("Patina"), a publicly traded oil and gas company. The Company currently has no existing business relationships with Patina, and Patina does not own any of the Company's securities. However, as a result of Mr. Edelman's position in Patina, conflicts of interests may arise between them. The Company has board policies that require Mr. Edelman to give notification of any potential conflicts that may arise between the Company and Patina. There can be no assurance, however, that the Company will not compete with Patina for the same acquisition or encounter other conflicts of interest.

SUBORDINATION OF 6% DEBENTURES

The 6% Debentures will be subordinated in right of payment to all existing and future Senior Debt of the Company, including borrowings under the Credit Agreement and the Senior Subordinated Notes. In the event of bankruptcy, liquidation or reorganization of the Company, the assets of the Company will be available to pay obligations on the Notes only after all Senior Debt has been paid in full, and there may not be sufficient assets remaining to pay amounts due on any or all of the Notes outstanding. The aggregate principal amount of Senior Debt of the Company, as of December 31, 1996, would have been \$229 million on a pro forma basis. Additional Senior Debt may be incurred by the Company from time to time, subject to certain restrictions. In addition to being subordinated to all existing and future Senior Debt of the Company, the 6% Debentures will not be secured by any of the Company's assets, unlike the borrowings under the Credit Agreement. See "Description of the Notes--Subordination."

FRAUDULENT CONVEYANCE

The incurrence of indebtedness (such as the 6% Debentures) is subject to review under relevant federal and state fraudulent conveyance statutes in a bankruptcy or reorganization case or a lawsuit by or on behalf of other creditors of the Company. To the extent that a court were to find that (x) the 6% Debentures were incurred with the intent to hinder, delay or defraud any present or future creditor or that the Company contemplated insolvency with a design to favor one or more creditors to the exclusion in whole or in part of others or (y) the Company did not receive fair consideration or reasonably equivalent value for issuing the 6% Debentures and, at the time thereof, the Company (i) was insolvent or rendered insolvent by reason of the issuance of the 6% Debentures or the Guarantee, (ii) was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured, a court could avoid or subordinate the 6% Debentures in favor of other creditors.

On the basis of historical financial information and recent operating history and other information currently available to it, the Company believes that the 6% Debentures were incurred for proper purposes and in good faith and that, after giving effect to Indebtedness incurred in connection with the issuance of the 6% Debentures, the Company is solvent, will have sufficient capital for carrying on its business and will be able to pay its debts as such debts become absolute and mature. There can be no assurance, however, that a court passing on such questions would reach the same conclusions and, if not, a court could, among other things, void all or a portion of the Company's obligations to holders of 6% Debentures and/or subordinate the Company's obligations under the 6% Debentures to a greater extent than would otherwise be the case.

ABSENCE OF A PUBLIC MARKET FOR 6% DEBENTURES

There is no existing market for the 6% Debentures and, although the Underwriters have advised the Company that they currently intend to make a market in the 6% Debentures, the Underwriters are not obligated to do so and may discontinue such market making at any time. The Company does not intend to apply for listing of the 6% Debentures on a securities exchange or to seek approval for quotation through an automated quotation system. Accordingly, there can be no assurance that an active market will develop for the 6% Debentures or, if developed, that such market will be sustained or as to the liquidity of any market. The initial offering price of the 6% Debentures may bear no relationship to the market price of the 6% Debentures. Factors such as quarterly or cyclical variations in the Company's financial results, variations in interest rates, future announcements concerning the Company or its competitors, government regulation, general economic and other conditions and developments affecting the oil and gas industry could cause the market price of the 6% Debentures to fluctuate substantially.

RISKS RELATING TO A CHANGE OF CONTROL

Upon a Change of Control (as defined herein), holders of the 6% Debentures will have the right to require the Company to repurchase all or any part of such holders' 6% Debentures at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. The events that constitute a Change of Control hereunder would constitute a default under the Credit Agreement, which prohibits the purchase of the 6% Debentures by the Company in the event of certain Change of Control events unless and until such time as the Company's indebtedness under the Credit Agreement is repaid in full. There can be no assurance that the Company and the Subsidiary Guarantors would have sufficient financial resources available to satisfy all of its or their obligations under the Credit Agreement and the 6% Debentures in the event of a Change of Control. The Company's failure to purchase the 6% Debentures would result in a default under the Indenture and under the Credit Agreement, each of which could have adverse consequences for the Company and the holders of the 6% Debentures. See "Description of Capital Stock and Indebtedness" and "Description of the 6% Convertible Subordinated Debentures ." The definition of "Change of Control" in the Indenture includes a sale, lease, conveyance or other disposition of "all or substantially all" of the assets of the Company and its Subsidiaries taken as a whole to a person or group of persons. There is little case law interpreting the phrase "all or substantially all" in the context of an indenture. Because there is no precise established definition of this phrase, the ability of a holder of the 6% Debentures to require the Company to repurchase such 6% Debentures as a result of a sale, lease, conveyance or transfer of all or substantially all of the Company's assets to a person or group of persons may be uncertain.

FORWARD-LOOKING INFORMATION

Information included in this Prospectus, including information incorporated by reference herein, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including projections, estimates and expectations. Those statements by their nature are subject to certain risks, uncertainties and assumptions and will be influenced by various factors. Should one or more of these statements or their underlying assumptions prove to be incorrect, actual results could vary materially. Although the Company believes that such projections, estimates and expectations are based on reasonable assumptions, it can give no assurance that such projections, estimates and expectations will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include political and economic developments in the United States and foreign countries, federal and state regulatory developments, the timing and extent of changes in commodity prices, the extent of success in acquiring oil and gas properties and in discovering, developing and producing reserves and conditions of the capital markets and equity markets during the periods covered by the forward-looking statements. See "Risk Factors" for further information with respect to certain of such factors. In addition, certain of such projections and expectations are based on historical results, which may not be indicative of future performance. See "Unaudited Pro Forma Consolidated Financial Statements."

RATIO OF EARNINGS TO FIXED CHARGES

YEAR ENDED DECEMBER 31,

	1992	1993	1994	1995	1996	Pro Forma 1996
Ratio of earnings to fixed charges	1.9x	2.2x	2.0x	2.1x	3.6x	1.9x
Ratio of earnings to fixed charges and preferred dividends	1.5x	1.7x	1.7x	1.9x	2.7x	1.8x

For purposes of determining the ratio of earnings to fixed charges, earnings are defined as income before income taxes plus fixed charges. Fixed charges consist of interest expense on all indebtedness.

USE OF PROCEEDS

The Company will not receive any proceeds upon the sale by the Selling Securityholders of the Selling Securityholder Securities.

CAPITALIZATION

The following table sets forth the capitalization of the Company at December 31, 1996, and the pro forma capitalization of the Company at December 31, 1996, giving effect to the Cometra Acquisition and the related financings and certain other acquisitions and financings consummated in 1996, as described in the notes to the Unaudited Pro Forma Consolidated Financial Statements, incorporated by reference in this prospectus as if such transactions occurred on December 31, 1996. This table should be read in conjunction with the Consolidated Financial Statements and Unaudited Pro Forma Consolidated Financial Statements and Notes thereto incorporated into this Prospectus.

	December 31, 1996	
	Actual	Pro Forma
	(unaudited)	
	(Dollars in thousands)	
Current portion of debt	\$ 26	\$ 26
Long-term debt:		
Revolving credit facility.....	\$ 61,355	\$231,305
8.75% Senior Subordinated Notes.....	--	125,000
6% Convertible Subordinated Debentures (1).....	55,000	55,000
Other long-term debt.....	425	425
Total long-term debt.....	\$116,780	\$411,730
Stockholders' equity:		
Preferred Stock, \$1 par value, 4,000,000 shares authorized: \$2.03 Convertible Preferred Stock, 1,150,000 shares outstanding (\$28,750,000 liquidation preference)(2).....	1,150	1,150
Common Stock, \$.01 par value, 35,000,000 shares authorized: 14,750,537 issued and outstanding; 20,160,643 shares issued and outstanding pro forma (3).....	148	202
Capital in excess of par value.....	110,248	204,294
Retained earnings.....	5,291	5,291
Unrealized gain on marketable securities.....	692	692
Total stockholders' equity.....	117,529	211,629
Total capitalization.....	\$234,309	\$623,359

- (1) The 6% Convertible Subordinated Debentures were issued on December 27, 1996. See "Description of Capital Stock and Indebtedness."
- (2) The \$2.03 Convertible Preferred Stock, may, at the election of the Company, be exchanged for an aggregate of \$28,750,000 principal amount of 8.125% Convertible Subordinated Notes due December 31, 2005. See "Description of Capital Stock and Indebtedness."
- (3) The pro forma column includes the 1,410,106 shares issued to Cometra as partial consideration for the Cometra Properties.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

The Common Stock was listed on the NYSE on October 11, 1996 under the symbol "LOM". Prior to listing on the NYSE, the Common Stock was listed on the Nasdaq National Market under the symbol "LOMK". On March 17, 1997, 20,272,242 shares were held by approximately 4,300 stockholders of record.

The following table sets forth the high and low sales prices as reported on the NYSE Composite Transaction tape or the Nasdaq National Market, as applicable, on a quarterly basis for the periods indicated.

	High	Low	Common Stock Dividends
	-----	-----	-----
1997			

First Quarter (through March 17)	\$23.625	\$16.000	(a)
1996			

Fourth Quarter.....	\$17.375	\$13.125	\$.02
Third Quarter.....	14.875	12.750	.02
Second Quarter.....	15.500	11.625	.01
First Quarter.....	12.125	9.560	.01
1995			

Fourth Quarter.....	\$7.500	\$5.500	\$.01
Third Quarter.....	9.250	7.250	-
Second Quarter.....	8.188	7.250	-
First Quarter.....	7.375	5.500	-

(a) Since the fourth quarter of 1995, dividends have been declared at the beginning of the last month of each calendar quarter and have been paid at the end of such calendar quarter..

Dividends on the Common Stock were initiated in December 1995 and have been paid each successive quarter. The \$2.03 Convertible Preferred Stock receives cumulative quarterly dividends at the annual rate of \$2.03 per share. If there is any arrearage in dividends on the \$2.03 Convertible Preferred Stock, the Company may not pay dividends on the Common Stock. The Company has never been in arrears in the payment of dividends on the \$2.03 Convertible Preferred Stock. See "Description of Capital Stock and Indebtedness."

The payment of dividends is subject to declaration by the Board of Directors and may depend on earnings, capital expenditures and market factors existing from time to time. The Amended Credit Facility and the Indenture for the 6% Convertible Subordinated Debenture Due 2007 and 8.75% Senior Subordinated Notes due 2007 contain restrictions on the Company's ability to pay dividends on capital stock. Under the most restrictive of these provisions, the Company could have paid \$5,000,000 of dividends as of December 31, 1996.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited pro forma consolidated financial statements give effect to: (i) the purchase by the Company of certain oil and gas properties from Bannon Energy Incorporated (the "Bannon Acquisition") in April 1996 for \$37 million, (ii) the Cometra Acquisition, (iii) the private placements of 600,000 shares of Common Stock and \$55 million of 6% Convertible Subordinated Debentures (collectively referred to as the "Private Placements"), (iv) the Offerings, (v) the application of the estimated net proceeds from the Private Placements and the Offerings and (vi) the conversion of the Company's 7 1/2% Convertible Exchangeable Preferred Stock into Common Stock. The unaudited pro forma consolidated statement of income for the year ended December 31, 1996 was prepared as if the Bannon Acquisition, the Cometra Acquisition, the Private Placements and the Offerings (collectively, the "Transactions") had occurred on January 1, 1996. The accompanying unaudited pro forma consolidated balance sheet of the Company as of December 31, 1996 has been prepared as if the Transactions had occurred as of that date. The historical information provided under the heading "Bannon Acquisition" in the statement of income for the year ended December 31, 1996, includes results for the properties acquired in the Bannon Acquisition for the period from January 1, 1996 until its purchase on March 31, 1996. The historical information provided in the statement of income of the Company for the year ended December 31, 1996 includes results for the properties acquired in the Bannon Acquisition for the period from April 1, 1996 through December 31, 1996.

This information is not necessarily indicative of future consolidated results of operations and it should be read in conjunction with the separate historical statements and related notes of the respective entities appearing elsewhere in this Registration Statement or incorporated by reference herein.

LOMAK PETROLEUM, INC. AND SUBSIDIARIES
 PRO FORMA COMBINED STATEMENT OF INCOME
 YEAR ENDED DECEMBER 31, 1996
 (DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
 (UNAUDITED)

	LOMAK	BANNON ACQUISITION	COMETRA ACQUISITION	PRO FORMA ADJUSTMENTS	PRE-OFFERING LOMAK	PRO FORMA OFFERING ADJUSTMENTS	PRO FORMA LOMAK
	-----	-----	-----	-----	-----	-----	-----
REVENUES							
Oil and gas sales.....	\$ 68,054	\$ 1,703	\$ 60,751	\$	\$ 130,508	\$	\$ 130,508
Field services.....	14,223	-	-		14,223		14,223
Gas transportation and marketing.....	5,575	-	7,273	11,478 (a)	24,326		24,326
Interest and other.....	3,386	-	-		3,386		3,386
	-----	-----	-----		-----		-----
	91,238	1,703	68,024		172,443		172,443
	-----	-----	-----		-----		-----
EXPENSES							
Direct operating.....	24,456	562	14,376		39,394		39,394
Field services.....	10,443	-	-		10,443		10,443
Gas transportation and marketing.....	1,674	-	-	11,478 (a)	13,152		13,152
Exploration.....	1,460	-	-		1,460		1,460
General and administrative....	3,966	-	-		3,966		3,966
Interest.....	7,487	-	-	23,991 (b)	31,478	(521) (e)	30,957
Depletion, depreciation and amortization.....	22,303	-	-	22,086 (c)	44,389		44,389
	-----	-----	-----		-----		-----
	71,789	562	14,376		144,282		143,761
	-----	-----	-----		-----		-----
Income before taxes.....	19,449	1,141	53,648		28,161		28,682
INCOME TAXES							
Current.....	(729)	-	-	(115) (d)	(844)	(16) (f)	(860)
Deferred.....	(6,105)	-	-	(2,906) (d)	(9,011)	(167) (f)	(9,178)
	-----	-----	-----		-----		-----
Net income.....	\$ 12,615	\$ 1,141	\$ 53,648		\$ 18,306		\$ 18,644
	=====	=====	=====		=====		=====
Net income applicable to common shares.....	\$ 10,161				\$ 15,972		\$ 16,310
	=====				=====		=====
Earnings per common share.....	\$ 0.69				\$ 0.97		\$ 0.80
	=====				=====		=====
Weighted average shares outstanding.....	14,812			1,583	16,395	4,000	20,395
	=====				=====		=====

See notes to pro forma combined financial statements

LOMAK PETROLEUM, INC.
PRO FORMA COMBINED BALANCE SHEET

DECEMBER 31, 1996
(DOLLARS IN THOUSANDS)

(UNAUDITED)

	LOMAK	PRO FORMA ADJUSTMENTS	PRE-OFFERING LOMAK	PRO FORMA OFFERING ADJUSTMENTS	PRO FORMA LOMAK
ASSETS					
Current assets					
Cash and equivalents	\$ 8,625	\$	\$ 8,625	\$	\$ 8,625
Accounts receivable	18,121		18,121		18,121
Marketable securities	7,658		7,658		7,658
Inventory and other	799		799		799
	-----		-----		-----
Total current assets	35,203		35,203		35,203
	-----		-----		-----
Oil and gas properties	282,519	325,000 (g)	607,519		607,519
Accumulated depletion and amortization	(53,102)		(53,102)		53,102)
	-----		-----		-----
	229,417		554,417		554,417
	-----		-----		-----
Gas transportation and field service assets	21,139	60,000 (g)	81,139		81,139
Accumulated depreciation	(4,997)		(4,997)		(4,997)
	-----		-----		-----
	16,142		76,142		76,142
	-----		-----		-----
Other assets	1,785		1,785	4,050 (h)	5,835
	-----		-----		-----
	\$ 282,547		\$ 667,547		\$ 671,597
	=====		=====		=====
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable	\$ 14,433	\$	\$ 14,433	\$	\$ 14,433
Accrued liabilities	4,603		4,603		4,603
Accrued payroll and benefit costs	3,245		3,245		3,245
Current portion of debt	26		26		26
	-----		-----		-----
Total current liabilities	22,307		22,307		22,307
	-----		-----		-----
Revolving credit facility	61,355	355,000 (g)	416,355	(120,950) (h)	231,305
				(64,100) (i)	
8.75% Senior subordinated notes	-		-	125,000 (h)	125,000
6% Convertible subordinated debentures	55,000		55,000		55,000
Other long-term debt	425		425		425
	-----		-----		-----
	116,780		471,780		411,730
	-----		-----		-----
Deferred income taxes	25,931		25,931		25,931
Stockholders' equity					
\$2.03 Preferred stock, \$1 par value	1,150		1,150		1,150
Common stock, \$.01 par value	148	14 (g)	162	40 (i)	202
Capital in excess of par value	110,248	29,986 (g)	140,234	64,060 (i)	204,294
Retained earnings (deficit)	5,291		5,291		5,291
Unrealized gain on marketable securities	692		692		692
	-----		-----		-----
Total stockholders' equity	117,529		147,529		211,629
	-----		-----		-----
	\$ 282,547		\$ 667,547		\$ 671,597
	=====		=====		=====

See notes to pro forma combined financial statements

LOMAK PETROLEUM, INC.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE (1) PRO FORMA ADJUSTMENTS FOR THE TRANSACTIONS -- FOR THE YEAR ENDED DECEMBER 31, 1996

The accompanying unaudited pro forma consolidated statement of income for the year ended December 31, 1996 has been prepared as if the Transactions had occurred on January 1, 1996 and reflects the following adjustments:

- (a) To reclassify gas transportation and marketing revenue and expenses to conform with the accounting presentation followed by the Company.
- (b) To adjust interest expense for the estimated amount that would have been incurred on the incremental borrowings for the Bannon Acquisition and the Cometra Acquisition, net of proceeds received from the Private Placements. A 1/8% per annum increase in interest rate would decrease the Company's income before taxes by \$392,000.
- (c) To record depletion expense for the Bannon Acquisition and the Cometra Acquisition at a rate of \$0.87 per Mcfe, which would have been the rate in effect for 1996 had such acquisitions taken place at January 1, 1996. Additionally, to record depreciation expense on the gas processing plant purchased in the Cometra Acquisition.
- (d) To adjust the provision for income taxes for the change in taxable income resulting from the Bannon Acquisition, the Cometra Acquisition and the Private Placements and the effect on deferred taxes recorded at January 1, 1996 as if such Transactions had taken place at that time.
- (e) To adjust interest expense for the estimated amounts that would have been repaid with the net proceeds from the Offerings. Because the net proceeds from the Offerings will be used to repay debt, a 1/8% per annum increase in interest rate would increase the Company's income before taxes by \$76,000.
- (f) To adjust the provision for income taxes for the change in taxable income resulting from interest adjustments made to reflect the amounts of borrowings repaid with the net proceeds from the Offerings and the effect on deferred taxes recorded at January 1, 1996 as if the Offerings had taken place at that time.

NOTE (2) PRO FORMA ADJUSTMENTS FOR THE COMETRA ACQUISITION AND THE OFFERINGS--AS OF DECEMBER 31, 1996

- (g) To record the Cometra Acquisition.
- (h) To record the Notes Offering, net of offering costs and the application of proceeds therefrom.
- (i) To record the Common Stock Offering, net of offering costs and the application of proceeds therefrom.

NOTE (3) EXPECTED GENERAL AND ADMINISTRATION EXPENSES

In connection with the Cometra Acquisition, the Company expects that general and administrative expenses will increase approximately \$1.7 million as a result of offers made to Cometra personnel and that field service revenues will increase approximately \$240,000 for operating agreements acquired in the Cometra Acquisition. The impact of these increases would be to reduce 1996 pro forma earnings per share to \$0.75.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present selected consolidated financial data covering the five years ended December 31, 1996. Such data has been derived from, and should be read in conjunction with, the audited Consolidated Financial Statements and Notes thereto for each of the five years ended December 31, 1996, the Unaudited Pro Forma Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

	YEAR ENDED DECEMBER 31,					PRO FORMA
	1992	1993	1994	1995	1996	1996
	----	----	----	----	----	----
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
STATEMENT OF OPERATIONS DATA:						
Revenues:						
Oil and gas sales.....	\$ 7,703	\$ 11,132	\$ 24,461	\$ 37,417	\$ 68,054	\$130,508
Field services.....	5,283	6,966	7,667	10,097	14,223	14,223
Gas transportation and marketing..	332	559	2,195	3,284	5,575	24,326
Interest and other.....	577	418	471	1,317	3,386	3,386
	-----	-----	-----	-----	-----	-----
	13,895	19,075	34,794	52,115	91,238	172,443
Expenses						
Direct operating.....	3,039	4,438	10,019	14,930	24,456	39,394
Field services.....	3,951	5,712	5,778	6,469	10,443	10,443
Gas transportation and marketing..	-	13	490	849	1,674	13,152
Exploration.....	36	86	359	512	1,460	1,460
General and administrative.....	1,915	2,049	2,478	2,736	3,966	3,966
Interest.....	952	1,120	2,807	5,584	7,487	30,957
Depletion, depreciation and amortization.....	3,124	4,347	10,105	14,863	22,303	44,389
	-----	-----	-----	-----	-----	-----
	13,017	17,765	32,036	45,943	71,789	143,761
	-----	-----	-----	-----	-----	-----
Income before taxes.....	878	1,310	2,758	6,172	19,449	28,682
Income taxes.....	192	(81)	139	1,782	6,834	10,038
	-----	-----	-----	-----	-----	-----
Net income.....	\$ 686	\$ 1,391	\$ 2,619	\$ 4,390	\$ 12,615	\$ 18,644
	=====	=====	=====	=====	=====	=====
Earnings per common share.....	\$ 0.08	\$ 0.18	\$ 0.25	\$ 0.31	\$ 0.69	\$ 0.80
	=====	=====	=====	=====	=====	=====
Cash dividends per common share.....	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.06	N/A
	=====	=====	=====	=====	=====	=====
OTHER FINANCIAL DATA:						
EBITDA (a).....	\$ 4,990	\$ 6,863	\$ 16,029	\$ 27,131	\$ 50,699	\$105,488
Net cash provided by operations.....	5,168	4,305	11,241	16,561	38,445	N/A
Net cash used in investing.....	(4,210)	(43,459)	(29,536)	(76,113)	(69,666)	N/A
Net cash provided by financing.....	126	38,912	21,173	57,702	36,799	N/A
Capital expenditures.....	5,920	48,240	70,024	88,530	79,390	N/A
Ratios:						
EBITDA to interest expense.....	5.2x	6.1x	5.7x	4.9x	6.8x	3.4x
Earnings to fixed charges(b).....	1.9x	2.2x	2.0x	2.1x	3.6x	1.9x
Total debt to EBITDA.....	2.6x	4.5x	3.9x	3.1x	2.3x	3.9x
BALANCE SHEET DATA (END OF PERIOD):						
Cash and equivalents.....	\$ 2,261	\$ 2,019	\$ 4,897	\$ 3,047	\$ 8,625	\$ 8,625
Total assets.....	28,328	76,333	141,768	214,788	282,547	671,597
Long-term debt (c).....	13,127	31,108	62,592	83,088	116,806	411,756
Stockholders' equity.....	9,504	32,263	43,248	99,367	117,529	211,629

(a) EBITDA represents net income plus income taxes, exploration expense, interest expense and depletion, depreciation, and amortization expense. EBITDA is not presented as an indicator of the Company's operating performance, an indicator of cash available for discretionary spending or as a measure of liquidity. EBITDA may not be comparable to other similarly titled measures of other companies. The Company's Credit Agreement requires the maintenance of certain EBITDA ratios.

(b) For the purpose of determining the ratio of earnings to fixed charges, earnings are defined as income before taxes plus fixed charges. Fixed charges consist of interest expense.

(c) Long-term debt includes current portion.

SELLING SECURITYHOLDERS

The following table sets forth certain information with respect to the Selling Securityholders for whom the Company is registering the Selling Securityholder Securities for resale to the public. The Company will not receive any of the proceeds from the sale of the Selling Securityholder Securities. There are no material relationships between any of the Selling Securityholders and the Company except as otherwise indicated. Beneficial ownership of the Selling Securityholder Securities by each Selling Securityholder after the sale will depend on the number of Selling Securityholder Securities sold by each Selling Securityholder. The shares offered by the Selling Securityholder are not being underwritten. No estimate can be given as to the amount of Common Stock that will be held by the Selling Securityholders upon termination of the Offering.

No arrangements have been made for the distribution or sale of the Selling Securityholder Securities. There can be no assurance that Selling Securityholders will be able to sell some or all of the Selling Securityholder Securities listed for sale herein. There is no established public trading market for the Debentures as of the date of this Prospectus.

NAME OF SELLING SECURITYHOLDER	NUMBER OF SHARES BENEFICIALLY OWNED PRIOR TO OFFERING	MAXIMUM NUMBER OF SHARES TO BE OFFERED	NUMBER OF SHARES TO BE OWNED AFTER OFFERING ASSUMING ALL SHARES OFFERED ARE DISTRIBUTED	DEBENTURES BENEFICIALLY OWNED PRIOR TO OFFERING	PERCENT OF CLASS OF COMMON STOCK AFTER OFFERING	PERCENT OF CLASS OF DEBENTURES PRIOR TO OFFERING
6% CONVERTIBLE SUBORDINATED DEBENTURES:						
Allstate Insurance	103,896	103,896 (1)	0	\$2,000,000	0.0%	3.6%
AON Corporation	36,364	36,364 (1)	0	700,000	0.0%	1.3%
Bankers Trust	51,948	51,948 (1)	0	1,000,000	0.0%	1.9%
Paul Berkman and Company	25,974	25,974 (1)	0	500,000	0.0%	0.9%
Camden Asset Management	103,896	103,896 (1)	0	2,000,000	0.0%	3.6%
CIBC	25,974	25,974 (1)	0	500,000	0.0%	0.9%
CNA Insurance	129,870	129,870 (1)	0	2,500,000	0.0%	4.5%
Eagle Asset Management	25,974	25,974 (1)	0	500,000	0.0%	0.9%
Fidelity Management	519,481	519,481 (1)	0	10,000,000	0.0%	18.2%
Fiduciary Trust	25,974	25,974 (1)	0	500,000	0.0%	0.9%
Harris Trust	15,584	15,584 (1)	0	300,000	0.0%	0.5%
High Bridge Capital	51,948	51,948 (1)	0	1,000,000	0.0%	1.8%
Kessler Asher Trading	25,974	25,974 (1)	0	500,000	0.0%	0.9%
Laterman	25,974	25,974 (1)	0	500,000	0.0%	0.9%
Lynch & Mayer	259,740	259,740 (1)	0	5,000,000	0.0%	9.1%
New York Life	207,792	207,792 (1)	0	4,000,000	0.0%	7.3%
Oaktree Capital Management	207,792	207,792 (1)	0	4,000,000	0.0%	7.3%
Orion Capital	77,922	77,922 (1)	0	1,500,000	0.0%	2.7%
Palisade Capital	207,792	207,792 (1)	0	4,000,000	0.0%	7.3%
Pecks Management	415,584	415,584 (1)	0	8,000,000	0.0%	14.5%
Putnam Investments	233,766	233,766 (1)	0	4,500,000	0.0%	8.2%
Sage Capital	15,584	15,584 (1)	0	300,000	0.0%	0.6%
William E Simon & Sons	10,390	10,390 (1)	0	200,000	0.0%	0.4%
Society Asset Management	51,948	51,948 (1)	0	1,000,000	0.0%	1.8%
Donald & Company	20,000	20,000	0	0	0.0%	0.0%
Cometra Energy, L.P.	1,410,106	1,410,106	0	0	0.0%	0.0%

(1) Issuable upon conversion of the Preferred Stock.

PLAN OF DISTRIBUTION

The Company has not been advised by the Selling Security holders as to any plan of distribution. Distribution of the Common Stock and the Debentures by the Selling Securityholders, or by pledgees, donees (including charitable organizations), transferees or other successors in interest, may be effected from time to time in one or more transactions (which may involve block transactions) (i) in the case of Common Stock, on the NYSE in transactions that may include special offerings, exchangeable distributions, the writing of options, in each case pursuant to and in accordance with the rules of such exchange, (ii) in the over-the-counter market, or (iii) in transactions otherwise than on such exchange or in the over-the-counter market, or in a combination of any such transactions. Such transactions may be effected by the Selling Securityholders at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at negotiated prices or at fixed prices.

The Selling Securityholders may effect such transactions by selling the Common Stock or the Debentures to or through broker-dealers, and such broker-dealers may receive compensation in the form of discounts or commissions from the purchasers of the Common Stock for whom they may act as agent.

All expenses of the registration of the Securities covered by this Prospectus, estimated to be \$75,000, are to be borne by the Company, except that the Selling Securityholders will pay any applicable underwriters' commissions and expenses, brokerage fees or transfer taxes, as well as the fees and disbursements of their counsel.

The Selling Securityholders may agree to indemnify any broker-dealer or agent that participates in transactions involving sales of the shares against certain liabilities, including liabilities arising under the Securities Act.

DESCRIPTION OF 6% CONVERTIBLE SUBORDINATED DEBENTURES

The following is a summary of the terms of the 6% Convertible Subordinated Debentures due 2007 (the "Debentures"). This summary is not intended to be complete and is subject to, and qualified in its entirety by reference to, the Indenture (as defined below), including the definition therein of certain terms.

The Debentures were be issued under an indenture (the "Indenture"), between the Company and Keycorp Shareholder Services, Inc., as trustee (the "Trustee"), a copy of which is available upon request from the Company. The following statements are summaries of certain terms applicable to the Debentures and do not purport to be complete. The summaries are subject to, and qualified in their entirety by reference to, the provisions of the Indenture, including the definitions therein of certain terms. Whenever reference is made to defined terms of the Indenture and not otherwise defined herein, such defined terms are incorporated herein by reference.

GENERAL

The Debentures are unsecured general obligations of the Company, subordinate in right of payment to certain other obligations of the Company as described under "Subordination of the Debentures," and convertible into Common Stock as described under "Conversion of the Debentures." The Debentures are limited to \$55 million aggregate principal amount and will mature on February 1, 2007 (the "Maturity Date"). The Debentures will bear interest at the rate per annum of 6% from the date of original issue or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for, and accrued but unpaid interest will be payable semi-annually in arrears on February 1 and August 1 of each year commencing February 1, 1997 (each, an "Interest Payment Date"), or, if any such day is not a business day, on the next succeeding business day. Interest will be paid to Debentureholders of record ("Holders") at the close of business on January 15 and July 15, respectively, immediately preceding the relevant Interest Payment Date (each, a "Regular Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal and premium, if any, and interest are payable, and the Debentures may be presented for conversion, registration of transfer and exchange, at the office or agency of the Company maintained for those purposes in New York, New York (which initially will be the corporate trust office of the Trustee), except that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holder entitled thereto as it appears on the Debenture Register on the related record date.

The Debentures are issued in fully registered form, without coupons, in denominations of \$1,000 and any integral multiple thereof. At any time from and after the execution and delivery of the Indenture, the Company may deliver Debentures to the Trustee for authentication and the Trustee shall, in accordance with the instructions of the Company, authenticate and deliver such Debentures as provided in the Indenture. No service charge will be made for any transfer or exchange of Debentures, but, subject to certain exceptions set forth in the Indenture, the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Indenture does not contain any restrictions on the payment of dividends or on the repurchase of securities by the Company or any financial covenants, nor does the Indenture require the Company to maintain any sinking fund or other reserve for the payment of the Debentures.

CONVERSION OF THE DEBENTURES

The Debentures are convertible at any time prior to the Maturity Date (subject to earlier redemption or repurchase, as described below) into shares of Common Stock of the Company at the conversion price of \$19.25 per share (the "Conversion Price"), subject to adjustment under certain circumstances as described below.

The Conversion Price is subject to adjustment as set forth in the Indenture upon the occurrence of certain events, including: (i) the issuance of Common Stock as a dividend or other distribution on any class of capital stock of the Company; (ii) a subdivision or combination of outstanding shares of Common Stock; (iii) the issuance or distribution of capital stock of the Company or the issuance or distribution of options, rights, warrants or convertible or exchangeable securities entitling the holder thereof to subscribe for, purchase, convert into or exchange for capital stock of the Company at less than the current market price of such capital stock on the date of issuance or distribution, but in each case only if such issuance or distribution is made generally to holders of Common Stock or of a class or series of capital stock convertible into or exchangeable or exercisable for Common Stock (provided that the issuance of capital stock upon the exercise of such options, rights or warrants or the conversion or exchange of convertible or exchangeable securities will not cause an adjustment in the conversion price if no such adjustment would have been required at the time such options, rights or warrants or convertible or exchangeable securities were issued); (iv) the dividend or other distribution to holders of Common Stock, or of a class or series of capital stock convertible into or exchangeable or exercisable for Common Stock, generally (other than in connection with the liquidation or distribution of the Company) of evidences of indebtedness of the Company or assets (including securities, but excluding issuances, dividends and distributions referred to above and dividends and distributions in connection with the liquidation, dissolution or winding up of the Company; and (v) distributions consisting exclusively of cash to the extent the amount of such cash combined with all such cash distributions made within the preceding 12 months with respect to which no adjustment has been made, exceeds 10% of the Company's market capitalization (being the product of the then current market price of the Common Stock multiplied by the number of shares of Common Stock then outstanding) on the record date for such distribution.

Notwithstanding the foregoing, no adjustment in the Conversion Price shall be made upon (i) the issuance of Common Stock of the Company pursuant to any compensation or incentive plan for officers, Directors, employees or consultants of the Company, which plan has been approved by the Compensation Committee of the Board of Directors (or if there is no such committee then serving, by the majority vote of the independent Directors) and, if required by law, the requisite vote of the stockholders of the Company (unless the exercise or conversion price of the instrument issued pursuant to such plan is subsequently changed other than solely by operation of the anti-dilution provisions thereof or by the Compensation Committee, if applicable, the Board of Directors and, if required by law, the stockholders of the Company as provided in this clause (i)); (ii) the issuance of Common Stock upon the conversion or exercise of preferred stock or warrants of the Company outstanding on the date hereof, unless the conversion or exercise price thereof is changed after the date of the Indenture (other than solely by operation of the anti-dilution provisions thereof); (iii) the declaration, setting aside or payment of dividends on any outstanding preferred stock or any other preferred stock hereafter issued by the Company; or (iv) after giving effect to any dividend pursuant to the preceding clause (iii), the declaration, setting aside or payment of dividends out of the Company's cumulative retained earnings. Also, notwithstanding the provisions of the preceding paragraph, (a) if the options, rights or warrants or convertible or exchangeable securities described in clause (iii) of the preceding paragraph are exercisable only upon the occurrence of certain triggering events, then the Conversion Price will not be adjusted until such triggering events occur and (b) if options, rights or warrants or convertible or exchangeable securities expire unexercised, the Conversion Price will be readjusted to take into account only the actual number of such options, rights or warrants or convertible or exchangeable securities which were exercised.

No adjustment will be made to the Conversion Price until cumulative adjustments to the Conversion Price amount to at least 1% of the Conversion Price, as last adjusted. Except as stated above, the Conversion Price will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing, or the payment of dividends on the Common Stock. The Company from time to time may reduce the Conversion Price if the Board of Directors of the Company has made a determination that such reduction would be in the best interests of the Company, which determination shall be conclusive.

In the event of (i) any reclassification or change of the Common Stock or (ii) a consolidation, merger or combination to which the Company is a party or a sale or conveyance to another entity of the property and assets of the Company as an entirety or substantially as an entirety, in each case as a result of which holders of Common Stock shall be entitled to receive stock, other securities, other property or assets (including cash) with respect to or in exchange for such Common Stock, each Holder will have the right thereafter to convert such Holder's Debentures into the kind and amount of shares of stock, other securities or other property or assets which the Holder would have owned or have been entitled to receive immediately upon such consolidation, merger, combination, sale or conveyance had such Debenture been converted into Common Stock immediately prior to the effective date of such reclassification, change, consolidation, merger, combination, sale or conveyance. Certain of the foregoing events may also constitute or result in a Change of Control requiring the Company to offer no repurchase the Debentures. See "Repurchase at Option of Holders Upon Change of Control."

Fractional shares of Common Stock will not be issued upon conversion. A person otherwise entitled to a fractional share of Common Stock upon conversion shall receive cash equal to the equivalent fraction of the current market price of a share of Common Stock on the business day prior to conversion.

A Holder who surrenders a Debenture (or portion thereof) for conversion between the close of business on a Regular Record Date and the next Interest Payment Date will receive interest on such Interest Payment Date with respect to such Debenture (or portion thereof) so converted through such Interest Payment Date. Subject to such payments in the event of conversion after the close of business on a Regular Record Date, no payment or adjustment shall be made upon any conversion on account of any interest accrued but unpaid on the Debentures surrendered for conversion.

OPTIONAL REDEMPTION BY THE COMPANY

The Debentures are not redeemable at the option of the Company prior to February 1, 2000. Thereafter, the Debentures will be redeemable, in whole or from time to time in part, upon not less than 30 days' nor more than 60 days' prior notice of redemption to each Holder at such Holder's last address as it appears in the Debenture Register (as defined in the Indenture), at the Redemption Prices established for the Debentures, together with accrued but unpaid interest, if any, to the date fixed for redemption. The Redemption Prices for the Debentures (expressed as a percentage of the principal amount) are as follows:

For the 12 Months After February 1,	Percentage

2000	104.0
2001	103.5
2002	103.0
2003	102.5
2004	102.0
2005	101.5
2006	101.0

If less than all the Debentures are to be redeemed, the Trustee will select the Debentures to be redeemed in compliance with the requirements of the principal national securities exchange, if any, on which the Debentures are quoted or listed or admitted to trading, or, if the Debentures are not quoted or listed, on a pro rata basis by lot or by such method that complies with applicable legal requirements and that the Trustee considers fair and appropriate. The Trustee may select for redemption portions of the principal amount of Debentures that have a denomination larger than \$1,000. Debentures and portions thereof will be redeemed in the amount of \$1,000 or integral multiples of \$1,000. The Trustee will make the selection from Debentures outstanding and not previously called for redemption.

REPURCHASE AT THE OPTION OF HOLDERS UPON CHANGE OF CONTROL

If a Change of Control occurs, the Company shall offer to repurchase each Holder's Debentures pursuant to an offer (the "Change of Control Offer") at a purchase price equal to 100% of the principal amount of such Holder's Debentures, plus accrued but unpaid interest, if any, to the date of purchase.

A "Change of Control" means the occurrence of any of the following events after the date of the Indenture (i) any person or group (within the meaning of Section 13(d) or Section 14(d) of the Exchange Act), becomes the direct or indirect beneficial owner of shares of capital stock of the Company representing greater than 50% of the combined voting power of all outstanding shares of capital stock of the Company entitled to vote in the election of directors under ordinary circumstances; (ii) subject to certain exceptions, the Company consolidates with or merges into any other entity and the outstanding Common Stock is changed or exchanged as a result; (iii) sale, transfer or other disposition of a majority of the assets of the Company or of the collective assets of the Company and the subsidiaries; (iv) at any time Continuing Directors cease to constitute a majority of the Board of Directors of the Company then in office; or (v) on any day the Company makes any distribution of cash, property or securities (other than regular quarterly dividends, Common Stock, preferred stock which is substantially equivalent to Common Stock or rights to acquire Common Stock or preferred stock which is substantially equivalent to Common Stock) to holders of Common Stock, or the Company or any of its subsidiaries purchases or otherwise acquires Common Stock, and the sum of the fair market value of such cash, property or securities distributed or Common Stock purchased on the date the same is made, plus the fair market value, when made, of all other cash, property or securities so distributed or Common Stock so purchased which have occurred during the 12 month period ending on the such date, in each case expressed as a percentage of the aggregate market price of all of the shares of Common Stock outstanding at the close of business on the last day prior to the date of such distribution or purchase, exceeds 50%. "Continuing Director" means at any date a member of the Company's Board of Directors (i) who was a member of such Board on the date of the Indenture or (ii) who was nominated or elected by at least two-thirds of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Company's Board of Directors was recommended or endorsed by at least two-thirds of the directors who were Continuing Directors at the time of such election. (Under this definition, if the present Board of Directors of the Company were to approve a new director or directors and then resign, no Change of Control would occur even though the present Board of Directors would thereafter cease to be in office). Notwithstanding the foregoing, a Change of Control under clause (ii) above will not include any transaction or series of related transactions in which 85% or more of the consideration received by the Holders of the Debentures (assuming conversion of the Debentures immediately after such transaction) consists of common stock that is listed on a national securities exchange or approved for quotation on the Nasdaq National Market.

Within 30 days after any Change of Control, unless the Company has previously given a notice of optional redemption by the Company of all of the Debentures, the Company shall give a notice of the Change of Control Offer to each Holder at such Holder's last address as it appears on the Debenture Register stating: (i) that a Change of Control has occurred and that the Company is offering to repurchase all of such Holder's Debentures; (ii) a brief description of such Change of Control; (iii) the repurchase price (the "Change of Control Payment"); (iv) the expiration date of the Change of Control Offer, which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed; (v) the date such purchase shall be effected, which shall be no later than 30 days after expiration date of the Change of Control Offer; (vi) a statement that any Debentures not accepted for payment pursuant to the Change of Control Offer shall continue to accrue interest; (vii) a statement that unless the Company defaults in the payment of the Change of Control Payment, all Debentures accepted for payment pursuant to the Change of Control offer shall cease to accrue interest after the Change of Control Payment Date; (viii) the Conversion Price; (ix) the name and address of the paying agent and conversion agent; (x) a statement that Debentures must be surrendered to the paying agent to collect the Change of Control Payment; and (xi) any other information required by applicable law to be included therein.

In the event that the Company is required to make a Change of Control Offer, the Company will comply with any applicable securities laws and regulations, including, to the extent applicable, Section 14(e) of and Rule 14e-1 and any other tender offer rules under, the Exchange Act which may then be applicable in connection with any offer by the Company to purchase Debentures at the option of the Holders.

The Company, could, in the future, enter into certain transactions, including certain recapitalizations of the Company, that would not constitute a Change of Control under the Debentures, but that would increase the amount of Senior Indebtedness (or any other indebtedness) outstanding at such time. The incurrence of significant amounts of additional indebtedness could have an

adverse effect on the Company's ability to service its indebtedness, including the Debentures. If a Change of Control were to occur, there can be no assurance that the Company would have sufficient funds at the time of such event to pay the Change of Control Payment of for all Debentures tendered by the Holders.

Certain of the Company's existing and future agreements relating to its indebtedness could prohibit the purchase by the Company of the Debentures pursuant to the tender by Holders pursuant to a Change of Control Offer. Depending on the financial circumstances of the Company, such purchase by the Company could cause a breach of certain covenants contained in such agreements. A default by the Company on its obligation to pay the Change of Control Payment could, pursuant to cross-default provisions, result in acceleration of the payment of other indebtedness of the Company outstanding at that time. See "- Subordination."

SUBORDINATION

The payment of principal of and premium, if any, and interest on the Debentures will be, to the extent set forth in the Indenture, subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined). Upon any payment or distribution of assets to creditors upon any liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors or marshalling of assets, whether voluntary, involuntary or in receivership, bankruptcy, insolvency or similar proceedings, the holders of all Senior Indebtedness will be first entitled to receive payment in full of all amounts due or to become due thereon before any payment is made on account of principal of and premium, if any, and interest on the Debentures or on account of any other monetary claims under or in respect of the Debentures, and before any distribution is made to acquire any of the Debentures for any cash, property, assets or securities. No payments on account of principal of and premium, if any, and interest on the Debentures shall be made if at the time thereof: (i) there is a default in the payment of all or any portion of the obligations under any Senior Indebtedness or (ii) there shall exist a default in any covenant with respect to the Senior Indebtedness (other than as specified in clause (i) of this sentence), and, in such event, such default shall not have been cured or waived or shall not have ceased to exist, the Trustee and the Company shall have received written notice from any holder of such Senior Indebtedness stating that no payment shall be made with respect to the Debentures and such default would permit the maturity of such Senior Indebtedness to be accelerated, provided that no such default will prevent any payment on, or in respect of, the Debentures for more than 120 days unless the maturity of such Senior Indebtedness has been accelerated.

The Holders will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made on Senior Indebtedness upon any distribution of assets in any such proceedings out of the distributive share of the Debentures.

"Senior Indebtedness" is defined to mean the principal of (and premium, if any), and interest on (a) existing indebtedness of the Company (including indebtedness of others guaranteed by the Company) other than the Debentures, which is (i) for money borrowed or (ii) evidenced by a note, debenture or similar instrument given in connection with the acquisition of any businesses, properties or assets of any kind, (b) obligations of the Company as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles and leases of property or assets made as part of any sale and leaseback transaction to which the Company is a party, (c) amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation and (d) all future indebtedness of the Company for money borrowed or evidenced by a note, debenture or similar instrument, other than indebtedness which by its terms is convertible into shares of Common Stock or other equity securities of the Company, and amendments, renewals, extensions, modifications and refundings thereof, if the instrument creating such future indebtedness provides by its terms that such indebtedness is senior in right of payment to the Debentures; provided, however, that all future indebtedness for money borrowed or evidenced by a note or similar instrument which by its terms is convertible into shares of Common Stock or other equity securities of the Company (including, without limitation, if issued pursuant to the terms of the Company's \$2.03 Convertible Preferred Stock, the Company's 8.125% Convertible Subordinated Notes due 2005), and amendments, renewals, extensions, modifications and refundings thereof, will rank pari passu with the Debentures, unless the instruments creating such future indebtedness provide by their terms that such indebtedness is junior in right of payment to the Debentures. Senior Indebtedness includes any compensation owed to hourly employees in the ordinary course of the Company's business but does not include other indebtedness or amounts owed (except to banks and other financial institutions) for compensation to non-hourly employees, for goods or materials purchased, or services utilized, in the ordinary course of business of the Company or of any other person from whom such indebtedness or amount was assumed.

The Debentures are unsecured obligations of the Company, and, accordingly, will rank pari passu with all unsecured trade debt and unsecured obligations of the Company that arise by operation of law or are imposed by any judicial or governmental authority. The Debentures are obligations exclusively of the Company, and accordingly, will be effectively subordinated to all

indebtedness and other liabilities and commitments (including trade payables and lease obligations) of its Subsidiaries (as defined in the Indenture). The right of the Company, and, therefore, the right of creditors of the Company (including Holders) to receive assets of any such Subsidiary upon the liquidation or reorganization of such Subsidiary or otherwise, as a practical matter, will be effectively subordinated to the claims of such Subsidiary's creditors, except to the extent the Company is itself recognized as a creditor of such Subsidiary or such other creditors have agreed to subordinate their claims to the payment of the Debentures, in which case the claims of the Company would still be subordinate to any secured claim on the assets of such Subsidiary and any indebtedness of such Subsidiary senior to that held by the Company.

At March 17, 1997, \$195 million of Senior Indebtedness (excluding the \$134 million letter of credit outstanding with American Cometra) was outstanding, including indebtedness under the Credit Agreement and \$125 million principal amount of 8.75% Senior Subordinated Notes due 2007 (the "Senior Subordinated Notes"). The Senior Subordinated Notes are due on January 15, 2007 which is prior to the maturity date of the Debentures. In addition the Company's obligations under the Credit Agreement and the Senior Subordinated Debentures are guaranteed by the Company's Subsidiaries. The Company will from time to time incur additional indebtedness constituting Senior Indebtedness.

LIMITATION ON DIVIDEND RESTRICTIONS AFFECTING SUBSIDIARIES

Without the consent of the Holders of a majority in aggregate principal amount of the Debentures then outstanding the Company may not, and may not permit any of its Subsidiaries to, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction of any kind on the ability of any Subsidiary to (a) pay to the Company dividends or make to the Company any other distribution of its capital stock, (b) pay any debt owed to the Company or any other Subsidiary, (c) make loans or advances to the Company or any other Subsidiary or (d) transfer any of its property or assets to the Company or any other Subsidiary, other than such encumbrances or restrictions existing or created under or by reason of (i) applicable laws, (ii) the Indenture, (iii) covenants or restrictions contained in any instrument governing debt of the Company or any of the Subsidiaries existing on the date of the Indenture, or covenants or restrictions in any loan documents relating to Senior Indebtedness incurred after the date hereof, provided that in the absence of a default under any such loan documents, no such restriction shall prevent a Subsidiary from paying dividends or otherwise distributing funds to the Company in amounts sufficient to enable the Company to make interest and principal payments on the Debentures as and when due, (including pursuant to any Change of Control Offer), (iv) customary provisions restricting subletting, assignment and transfer of any lease governing a leasehold interest of the Company or any of the Subsidiaries or in any license or other agreement entered into in the ordinary course of business, (v) any agreement governing debt of a person acquired by the Company or any of the Subsidiaries in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrances or restrictions are not applicable to any person, or the property or assets of any person, other than the person, or the property or assets of the person, so acquired or (vi) any restriction with respect to a Subsidiary imposed pursuant to an agreement entered into in accordance with the terms of the Indenture for the sale or disposition of capital stock or property or assets of such Subsidiary, pending the closing of such sale or disposition.

CONSOLIDATION, MERGER AND SALE OF ASSETS

The Company may not, without the consent of the Holders of a majority in aggregate principal amount of the Debentures then outstanding, consolidate with or merge into any other entity or convey, transfer, sell or lease its assets substantially as an entirety to any entity, unless: (i) either (a) the Company is the continuing corporation or (b) the entity formed by such consolidation or into which the Company is merged or the entity to which such assets are sold, leased, transferred, conveyed or disposed is organized under the laws of the United States or any state thereof or the District of Columbia and expressly assumes by supplemental indenture all obligations of the Company under the Debentures and the Indenture, (ii) immediately before and immediately after giving effect to such merger, consolidation, conveyance, transfer, sale, lease or disposition no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, under the Indenture occurred and is continuing, (iii) immediately after giving effect to such merger, consolidation, conveyance, transfer, sale, lease or disposition, the Debentures and the Indenture, as supplemented, will be a valid and enforceable obligation of the Company or such successor and (iv) the Company has delivered to the Trustee an Officer's certificate and an opinion of counsel, each stating that such merger, consolidation, conveyance, transfer, sale, lease or disposition and such supplemental indenture comply with the applicable provisions of the Indenture and that all conditions precedent to such transaction provided in the Indenture have been satisfied.

EVENTS OF DEFAULT

The following will be Events of Default under the Indenture: (a) failure to pay principal of or premium, if any, on any Debenture when due and payable, whether at maturity, upon redemption, upon a Change of Control Offer or otherwise, whether or not such payment is prohibited by the subordination provisions of the Indenture; (b) failure to pay any interest on any Debenture when due, which failure continues for 30 days, whether or not such payment is prohibited by the subordination provisions of the Indenture; (c) failure to perform the other covenants of the Company in the Indenture, which failure continues for 60 days after written notice as provided in the Indenture; (d) failure to pay when due principal of and or acceleration of, any indebtedness for money borrowed by the Company or any of its Subsidiaries in excess of \$5 million, individually or in the aggregate, if such indebtedness is not discharged, or such acceleration is not annulled, within 10 days after written notice as provided in the Indenture; and (e) certain events of bankruptcy, insolvency or reorganization of the Company or any Significant Subsidiary (as defined in the Indenture). Subject to the provisions of the Indenture relating to the duties of the Trustee in case of the occurrence of an Event of Default, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the Holders of a majority in aggregate principal amount of the outstanding Debentures will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

If an Event of Default occurs and is continuing, either the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Debentures by notice to the Company and Trustee may declare the unpaid principal, premium if any, and interest on all outstanding Debentures due and payable; provided, however, that if an Event of Default under clause (e) above shall occur, all unpaid principal, premium, if any, and interest on all outstanding Debentures will automatically become due and payable without any declaration or other act on the part of the Trustee or any Holders. After such acceleration, but before a judgment or decree based on acceleration, the Holders of a majority in aggregate principal amount of the then outstanding Debentures may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the nonpayment of accelerated principal, have been cured or waived as provided in the Indenture. For information as to waiver of defaults, see "Modifications, Amendments and Waivers."

No Holder of any Debenture will have any right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder unless (i) such Holder shall have previously given to the Trustee written notice of a continuing Event of Default, (ii) Holders of at least 25% in aggregate principal amount of the then outstanding Debentures shall have made written request and offered satisfactory indemnity to the Trustee to institute such proceeding as Trustee, (iii) the Trustee shall have failed to institute such proceeding within 60 days after the receipt of such request of and offer of indemnity and (iv) during such 60-day period, no direction inconsistent with such request shall have been given to the Trustee by the Holders of a majority in aggregate principal amount of the then outstanding Debentures.

MODIFICATIONS, AMENDMENTS AND WAIVERS

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the then outstanding Debentures held by persons other than affiliates of the Company; provided, however, that no such modification or amendment may, without the consent of the Holder of each outstanding Debenture affected thereby, (i) change the stated maturity of, or any installment of interest on or waive a default in the payment of principal, premium, if any, or interest on, any Debenture, (ii) reduce the principal amount of any Debenture or reduce the rate or extend the time of payment of interest on any Debenture, (iii) increase the Conversion Price (other than in connection with a reverse stock split as provided in the Indenture), (iv) change the place or currency of payment of principal of, or premium or repurchase price, if any, or interest on, any Debenture, (v) impair the right to institute suit for the enforcement of any payment on or with respect to any Debenture, (vi) adversely affect the right to exchange or convert Debentures, (vii) reduce the percentage of the aggregate principal amount of outstanding Debentures, the consent of the Holders of which is necessary to modify or amend the Indenture, (viii) reduce the percentage of the aggregate principal amount of outstanding Debentures, the consent of the Holders of which is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults, (ix) modify the provisions of the Indenture with respect to the subordination of the Debentures in a manner adverse to the Holders, (x) except as permitted by the Indenture, consent to the assignment or transfer by the Company of any of its rights and obligations thereunder or (xi) modify the provisions of the Indenture with respect to the right to require the Company to repurchase Debentures in a manner adverse to the Holders.

The Holders of a majority in aggregate principal amount of the then outstanding Debentures held by persons other than affiliates of the Company may, on behalf of all Holders, waive any past default under the Indenture or Event of Default, except a default in the payment of principal, premium of, if any, or interest on any of the Debentures or in respect of a provision which under the Indenture cannot be amended without the consent of the Holder of each outstanding Debenture.

Amendments and supplements of the Indenture may be made by the Company and the Trustee without the consent of any Holder, in part, to: (i) cure any ambiguity, defect or inconsistency (which does not adversely affect the rights of any Holder); (ii) comply with the restriction on mergers, consolidations, and asset sales or with the provisions relating to conversion upon such events; (iii) add to the covenants of the Company further covenants, restrictions, conditions or provisions for the protection of the Holders; (iv) make any change that does not adversely affect the rights of any Holder under the Indenture; or (v) comply with requirements of the Commission in order to effect or maintain qualification of the Indenture under the Trust Indenture Act.

DISCHARGE OF INDENTURE

The Indenture provides that the Company may defease and be discharged from its obligations in respect of the Debentures while the Debentures remain outstanding (except for certain obligations to convert the Debentures into Common Stock, register the transfer, substitution or exchange of Debentures, to replace stolen, lost or mutilated Debentures and to maintain an office or agency and the rights, obligations and immunities of the Trustee), if all outstanding Debentures will become due and payable at their scheduled maturity within one year and the Company has irrevocably deposited, or caused to be deposited, with the Trustee (or another trustee satisfying the requirements of the Indenture), in trust for such purpose, (a) money in an amount, (b) U.S. Government Obligations (as defined) which through the payment of principal, premium, if any, and interest in accordance with their terms (without reinvestment of such interest or principal) will provide not later than one day before the due date of any payment money in an amount, or (c) a combination thereof, sufficient in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay the principal of, premium, if any, and interest on the outstanding Debentures at maturity or upon redemption, together with all other amounts payable by the Company under the Indenture. Such defeasance will become effective 91 days after such deposit only if, among other things, (x) no Default or Event of Default with respect to the Debentures has occurred and is continuing on the date of such deposit or will occur as a result of such deposit or at any time during the period ending on the 91st day after the date of such deposit, (y) such defeasance does not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound and (z) the Company has delivered to the Trustee (A) either a private Internal Revenue Service ruling or an opinion of counsel that Holders will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount, in the same manner, and at the same times, as would have been the case if such deposit, defeasance and discharge had not occurred, (B) an opinion of counsel to the effect that the deposit shall not result in the Company, the Trustee or the trust

being deemed to be an "investment company" under the Investment Company Act of 1940, as amended, and (C) an Officers' Certificate and a opinion of counsel, each stating that all conditions precedent relating to a discharge have been complied with.

GOVERNING LAW

The Indenture and the Debentures will be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to such State's conflict of law principles.

CONCERNING THE TRUSTEE

Keycorp Shareholders Services, Inc., the Trustee under the Indenture, has been appointed by the Company as the paying agent, conversion agent, registrar and custodian with respect to the Debentures. Keycorp Shareholder Services, Inc. also serves as the transfer agent for the Common stock and the \$2.03 Convertible Preferred Stock. The Company and its subsidiaries may maintain deposit accounts and conduct other banking transactions with the Trustee or its affiliates in the ordinary course of business, and the Trustee and its affiliates may from time to time in the future provide the Company and its subsidiaries with banking and financial services in the ordinary course of their business.

BOOK-ENTRY, DELIVERY AND FORM

Except as set forth below, the Debentures will initially be issued in the form of one or more registered Debentures in global form, without coupons (the "Global Debentures"). Each Global Debenture will be deposited on the date of the closing of the sale of the Debentures (the "Closing Date") with, or on behalf of, The Depository Trust Company (the "Depository") and registered in the name of Cede & Co., as nominee of the Depository. Interests in Global Debentures will be available for purchase only by "qualified institutional buyers," as defined in Rule 144A under the Securities Act ("QIBs").

Debentures that are (i) originally issued to or transferred to institutional "accredited investors," as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who are not QIBs or to any other persons who are not QIBs or (ii) issued as described below under "Certified Securities," will be issued in registered form without coupons (the "Certified Securities"). Upon the transfer to a QIB of Certified Securities, such Certificated Securities will, unless the Global Debenture has previously been exchanged for Certificated Securities, be exchanged for an interest in the Global Debentures representing the principal amount of Debentures being transferred. For a description of the restrictions on the transfer of Certificated Securities, see "Notice to Investors."

The Depository has advised the Company that it is (i) a limited-purpose trust company organized under the laws of the State of New York, (ii) a member of the Federal Reserve System, (iii) a "clearing corporation" within the meaning of the Uniform Commercial Code, as amended, and (iv) a "Clearing Agency" registered pursuant to Section 17A of the Exchange Act. The Depository was created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance in accounts of its Participants. The Depository's Participants include securities brokers and dealers, banks and trust companies, clearing corporations and certain other organizations. Access to the Depository's system is also available to other entities such as bank's, dealers and trust companies (collectively, the "Indirect Participants") that clear through or maintain a custodial relationship with a Participant, either directly or indirectly. QIBs may elect to hold Debentures purchased by them through the Depository. QIBs who are not Participants may beneficially own securities held by or on behalf of the Depository only through Participants or Indirect Participants. Persons that are not QIBs may not hold Debentures through the Depository.

The Company expects that pursuant to procedures established by the Depository (i) upon deposit of the Global Debenture, the Depository will credit the accounts of Participants designated by the Initial Purchasers with an interest in the Global Debenture and (ii) ownership of the Debentures will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by the Depository (with respect to the interests of Participants), the Participants and the Indirect Participants. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own and that security interests in negotiable instruments can only be perfected by delivery of certificates representing the instruments. Consequently, the ability to transfer Debentures or to pledge the Debentures as collateral will be limited to such extent. For certain other restrictions on the transferability of the Debentures, see "Notice to Investors."

So long as the Depository or its nominee is the registered owner of a Global Debenture, the Depository or such nominee, as the case may be, will be considered the sole owner or Holder of the Debentures represented by the Global Debenture for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Debenture will not be entitled

to have Debentures represented by such Global Debenture registered in their names, will not receive or be entitled to receive physical delivery of the Certificated Securities, and will not be considered the owners or Holders thereof under the Indenture for any purpose, including with respect to the giving of any directions, instructions or approvals to the Trustee thereunder. As a result, the ability of a person having a beneficial interest in Debentures represented by a Global Debenture to pledge such interest to persons or entities that do not participate in the Depository's system, or to otherwise take actions with respect to such interest, may be affected by the lack of a physical certificate evidencing such interest.

Accordingly, each QIB owing a beneficial interest in a Global Debenture must rely on the procedures of the Depository and, if such QIB is not a Participant or an Indirect Participant, on the procedures of the Participant through which such QIB owns its interest, to exercise any rights of a Holder under the Indenture or such Global Debenture. The Company understands that under existing industry practice, in the event the Company requests any action of Holders of Debentures or a QIB that is an owner of a beneficial interest in a Global Debenture desires to take any action that the Depository, as the Holder of such Global Debenture, is entitled to take, the Depository would authorize the Participants to take such action and the Participants would authorize QIBs owning through such Participants to take such action or would otherwise act upon the instructions of such QIBs. Neither the Company nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Debentures by the Depository, or for maintaining, supervising or reviewing any records of the Depository relating to such Debentures.

Payments with respect to the principal of, premium, if any, and interest on any Debentures represented by a Global Debenture registered in the name of the Depository or its nominee on the applicable record date will be payable by the Trustee to or at the direction of the Depository or its nominee in its capacity as the registered Holder of the Global Debenture representing such Debentures under the Indenture. Under the terms of the Indenture, the Company and the Trustee may treat the persons in whose names the Debentures, including the Global Debentures, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither the Company nor the Trustee has or will have responsibility or liability for the payment of such amounts to beneficial owners of Debentures (including principal, premium, if any, and interest), or to immediately credit the accounts of the relevant Participants with such payment, in amounts proportionate to their respective holdings in principal amount of beneficial interest in the Global Debenture as shown on the records of the Depository. Payments by the Participants and the Indirect Participants to the beneficial owners of Debentures will be governed by standing instructions and customary practice and will be the responsibility of the Participants or the Indirect Participants.

CERTIFICATED SECURITIES

If (i) the Company notifies the Trustee in writing that the Depository is no longer willing or able to act as a depository and the Company is unable to locate a qualified successor within 90 days or (ii) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of Debentures in definitive form under the Indenture, then, upon surrender by the Depository of its Global Debenture, Certificated Securities will be issued to each person that the Depository identifies as the beneficial owner of the Debentures represented by the Global Debenture. In addition, subject to certain conditions, any person having a beneficial interest in a Global Debenture may, upon request to the Trustee, exchange such beneficial interest for Certificated Securities. Upon any such issuance, the Trustee is required to register such Certificated Securities in the name of such person or persons (or the nominee of any thereof), and cause the same to be delivered thereto.

Neither the Company nor the Trustee shall be liable for any delay by the Depository or any Participant or Indirect Participant in identifying the beneficial owners of the related Debentures and each person may conclusively rely on, and shall be protected in relying on instructions from the Depository for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the Debentures to be issued).

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be reliable. The Company will have no responsibility for the performance by DTC or its Participants of their respective obligations as described hereunder or under the rules and procedures governing their respective operations.

SAME-DAY FUNDS SETTLEMENT AND PAYMENT

The Indenture will require that payments in respect of the Debentures represented by the Global Debenture (including principal, premium, if any, interest and liquidated damages, if any) be made by wire transfer of immediately available funds to the accounts specified by the registered Holder of the Global Debenture. With respect to Certificated Securities, the Company will make all payments of principal, premium, if any, interest and liquidated damages, if any, by wire transfer of immediately available funds to the accounts specified by Holders thereof or, if no such account is specified, by mailing a check to each such Holder's registered address. Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearing-house or next-day funds. In contrast, the Debentures represented by the Global Debenture are expected to be eligible to trade in the PORTAL market and to trade in the Depository's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Debentures will therefore, be required by the Depository to be settled in immediately available funds. The Company expects that secondary trading in the Certificated Securities will also be settled in immediately available funds.

DESCRIPTION OF CAPITAL STOCK AND INDEBTEDNESS

The authorized capital stock of the Company consists of (i) 4,000,000 shares of serial preferred stock, \$1.00 par value and (ii) 35,000,000 shares of Common Stock, \$.01 par value. As of March 17, 1997, the Company had outstanding 20,272,242 shares of Common Stock and 1,150,000 shares of \$2.03 Convertible Preferred Stock.

COMMON STOCK

Holders of Common Stock are entitled to receive dividends if, when and as declared by the Board of Directors of the Company out of funds legally available therefor (however, the Indenture for the Senior Subordinated Notes and the Credit Agreement contain certain restrictions on the payment of cash dividends. If there is any arrearage in the payment of dividends on any preferred stock, the Company may not pay dividends upon, repurchase or redeem shares of its Common Stock. All shares of Common Stock have equal voting rights on the basis of one vote per share on all matters to be voted upon by stockholders. Cumulative voting for the election of directors is not permitted. Shares of Common Stock have no preemptive, conversion, sinking fund or redemption provisions and are not liable for further call or assessment. Each share of Common Stock is entitled to share on a pro rata basis in any assets available for distribution to the holders of the Common Stock upon liquidation of the Company after satisfaction of any liquidation preference on any series of the Company's preferred stock. All outstanding shares of Common Stock have been, and all shares offered in the Common Stock Offering are when issued, validly issued, fully paid and nonassessable.

OPTIONS

The Company's stock option plan, which is administered by the Compensation Committee, provides for the granting of options to purchase shares of Common Stock to key employees and certain other persons who are not employees for advice or other assistance or services to the Company. The plan permits the granting of options to acquire up to 2,000,000 shares of Common Stock subject to a limitation of 10% of the outstanding Common Stock on a fully diluted basis. At March 13, 1997, a total of 1,216,032 options had been granted under the plan of which options to purchase 503,632 shares were exercisable at that date. The options outstanding at March 13, 1997 were granted at an exercise price of \$3.38 to \$13.88 per share. The exercise price of all such options was equal to the fair market value of the Common Stock on the date of grant. All were options granted for a term of five years, with 30% of the options becoming exercisable after one year, an additional 30% becoming exercisable after two years and the remaining options becoming exercisable after three years.

WARRANTS

Warrants to acquire 20,000 shares of Common Stock at a price of \$12.88 per share were outstanding at March 17, 1997. These warrants expire in May 1999. The warrants were issued in a private placement not registered under the Securities Act, and the resale of the shares of Common Stock underlying such warrants are covered by the Prospectus.

PREFERRED STOCK

The Board of Directors of the Company, without action by stockholders, is authorized to issue shares of serial preferred stock in one or more series and, within certain limitations, to determine the voting rights (including the right to vote as a series on particular matters), preferences as to dividends and the liquidation, conversion, redemption and other rights of each such series. The Board of Directors could issue a series with rights more favorable with respect to dividends, liquidation and voting than those held by the holders of its Common Stock. At March 17, 1997, 1,150,000 shares of Preferred Stock were outstanding, designated as \$2.03 Convertible Preferred Stock.

The \$2.03 Convertible Preferred Stock bears an annual dividend rate of \$2.03 payable quarterly. If dividends have not been paid on the \$2.03 Convertible Preferred Stock, the Company cannot redeem or pay dividends on shares of stock ranking junior to the \$2.03 Convertible Preferred Stock. No new serial preferred stock can be created with rights superior to those of the \$2.03 Convertible Preferred Stock, as to dividends and liquidation rights, without the approval of the holders of a majority of the \$2.03 Convertible Preferred Stock. In addition, the holders of the \$2.03 Convertible Preferred Stock are entitled to one vote for each share owned. Additionally, if dividends remain unpaid for six full quarterly periods, or if any future class of preferred stockholders is entitled to elect members of the Board of Directors based on actual missed and unpaid dividends, the number of members of the Board of Directors are increased to such number as may be necessary to entitle the holders of the \$2.03 Convertible Preferred Stock and such other future preferred stockholders, voting as a single class, to elect one-third of the members of the Board of Directors. The \$2.03 Convertible Preferred Stock has liquidation rights of \$25 per share. The Company may exchange the \$2.03 Convertible Preferred Stock for an aggregate of \$28,750,000 principal amount of its 8.125% Convertible Subordinated Notes due December 31, 2005. Each share of \$2.03 Convertible Preferred Stock is convertible into Common Stock at a conversion price of \$9.50 per share, subject to adjustment under certain circumstances. The conversion price are reduced for a limited period (but to not less than \$5.21) if a change in control or fundamental change in the Company occurs at a time that the market price of the Common Stock is less than the conversion price. The Company may redeem the \$2.03 Convertible Preferred Stock at any time after November 1, 1998, at redemption prices declining from \$26.50 to \$25.00 per share, plus cumulative unpaid dividends.

CREDIT AGREEMENT

In connection with the financing of the Cometra Acquisition, the Company and its subsidiaries expanded the existing credit facility with the bank lenders. The Credit Agreement permits the Company to obtain revolving credit loans and to issue letters of credit for the account of the Company from time to time in an aggregate amount not to exceed \$300 million (of which not more than \$150 million may be represented by letters of credit). The Borrowing Base is subject to semi-annual determination and certain other redeterminations based upon a variety of factors, including the discounted present value of estimated future net cash flow from oil and gas production. At the Company's option, loans may be prepaid, and revolving credit commitments may be reduced, in whole or in part at any time in certain minimum amounts. The Credit Agreement matures in February 2002.

The obligations of the Company under the Credit Agreement are unconditionally and irrevocably guaranteed by each of the Company's direct and indirect domestic subsidiaries (collectively, the "Bank Guarantors"). In addition, the Credit Agreement is secured by first priority security interests in (i) existing mortgaged oil and gas properties of the Company and the Cometra Properties, (ii) all accounts receivable, inventory and intangibles of the Company and the Bank Guarantors, and (iii) all of the capital stock of the Company's direct or indirect subsidiaries. Substantially all of the assets of the Company are pledged as collateral if, on May 15, 1997, the Borrowing Base and amounts outstanding under the Credit Agreement have not been reduced to \$300 million. Such security interests are released upon the (i) reduction of the amounts outstanding under the Credit Agreement to \$300 million (or the then determined Borrowing Base) and (ii) issuance of \$65 million of Common Stock and/or the sale of Company assets in excess of the Borrowing Base value attributable to such assets as agreed by the lenders (the "Trigger Event"). On March 14, 1997, the Trigger Event occurred and the Company's Credit Agreement became unsecured with a Borrowing Base up to \$300 million.

At the Company's option, the applicable interest rate per annum is either the Eurodollar loan rate plus a margin ranging from 0.625% to 1.125% or the Alternate Base Rate (as defined) plus a margin ranging from 0% to 0.25%. The Alternate Base Rate is the higher of (a) the administrative agent bank's prime rate and (b) the federal funds effective rate plus 0.5%. Until the

occurrence of the Trigger Event, the interest rate margins are increased by 50 basis points prior to March 31, 1997 and 100 basis points thereafter.

The Credit Agreement includes various covenants that require, among other things, that the Company (i) maintain a minimum consolidated tangible net worth of at least \$100 million plus 90% of the net proceeds from the Common Stock Offering and 50% of the net proceeds from any subsequent equity offering; (ii) maintain a ratio of EBITDA to consolidated interest expense on total debt for each period of four consecutive fiscal quarters of at least 2.5 to 1.0; and (iii) not make restricted payments (defined as dividends, distributions or guarantees to third parties or the retirement, repurchase or prepayment prior to the scheduled maturity of its subordinated debt) in an aggregate amount in any one fiscal year in excess of \$5 million plus 50% of the net proceeds from equity offerings subsequent to the Common Stock Offering and 50% of the Company's consolidated net income earned after January 1, 1997. In addition, the Credit Agreement restricts the ability of the Company to dispose of assets, incur additional indebtedness, repay other indebtedness or amend other debt instruments, create liens on assets, make investments or acquisitions, engage in mergers or consolidations, make capital expenditures or engage in certain transactions with affiliates.

LEGAL MATTERS

Certain legal matters related to the Securities and the Selling Securityholder Securities are being passed upon for the Company by Vinson & Elkins L.L.P., 2300 First City Tower, Houston, Texas 77002-6760.

EXPERTS

The Consolidated Financial Statements of the Company, as of December 31, 1995 and 1996 and for the three years then ended, included and incorporated by reference in this Prospectus, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto incorporated by reference in this Prospectus in reliance upon the authority of said firm as experts in giving said reports.

The statements of revenues and direct operating expenses of the American Cometra Interests (referred to herein as the Cometra Properties) for the years ended December 31, 1994, 1995 and 1996, incorporated by reference in this Registration Statement have been audited by Coopers & Lybrand L.L.P., independent accountants, and are incorporated by reference herein in reliance upon the authority of that firm as experts in accounting and auditing.

The financial statements of the Bannon Interests as of December 31, 1995 and for the year then ended, have been incorporated by reference herein and in the Registration Statement in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

GLOSSARY

The terms defined in this glossary are used throughout this Prospectus.

Bbl. One stock tank barrel, or 42 U.S. gallons liquid volume, used herein in reference to crude oil or other liquid hydrocarbons.

Bcf. One billion cubic feet.

Bcfe. One billion cubic feet of natural gas equivalents, based on a ratio of 6 Mcf for each barrel of oil, which reflects the relative energy content.

Development well. A well drilled within the proved area of an oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

Dry hole. A well found to be incapable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or gas well.

Exploratory well. A well drilled to find and produce oil or gas in an unproved area, to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir, or to extend a known reservoir.

Gross acres or gross wells. The total acres or wells, as the case may be, in which a working interest is owned.

Infill well. A well drilled between known producing wells to better exploit the reservoir.

Mbbl. One thousand barrels of crude oil or other liquid hydrocarbons.

Mcf. One thousand cubic feet.

Mcfe. One thousand cubic feet of natural gas equivalents, based on a ratio of 6 Mcf for each barrel of oil, which reflects the relative energy content.

Mmdbl. One million barrels of crude oil or other liquid hydrocarbons.

MmBtu. One million British thermal units. One British thermal unit is the heat required to raise the temperature of a one-pound mass of water from 58.5 to 59.5 degrees Fahrenheit.

Mmcf. One million cubic feet.

Mmcfe. One million cubic feet of natural gas equivalents.

Net acres or net wells. The sum of the fractional working interests owned in gross acres or gross wells.

Net oil and gas sales. Oil and natural gas sales less oil and natural gas production expenses.

Present Value. The pre-tax present value, discounted at 10%, of future net cash flows from estimated proved reserves, calculated holding prices and costs constant at amounts in effect on the date of the report (unless such prices or costs are subject to change pursuant to contractual provisions) and otherwise in accordance with the Commission's rules for inclusion of oil and gas reserve information in financial statements filed with the Commission.

Productive well. A well that is producing oil or gas or that is capable of production.

Proved developed non-producing reserves. Reserves that consist of (i) proved reserves from wells which have been completed and tested but are not producing due to lack of market or minor completion problems which are expected to be corrected and (ii) provided reserves currently behind the pipe in existing wells and which are expected to be productive due to both the well log characteristics and analogous production in the immediate vicinity of the wells.

Proved developed producing reserves. Proved reserves that can be expected to be recovered from currently producing zones under the continuation of present operating methods.

Proved developed reserves. Proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

Proved reserves. The estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Proved undeveloped reserves. Proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

Recompletion. The completion for production of an existing wellbore in another formation from that in which the well has previously been completed.

Royalty interest. An interest in an oil and gas property entitling the owner to a share of oil and natural gas production free of costs of production.

Standardized Measure. The present value, discounted at 10%, of future net cash flows from estimated proved reserves after income taxes calculated holding prices and costs constant at amounts in effect on the date of the report (unless such prices or costs are subject to change pursuant to contractual provisions) and otherwise in accordance with the Commission's rules for inclusion of oil and gas reserve information in financial statements filed with the Commission.

Working interest. The operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and a share of production, subject to all royalties, overriding royalties and other burdens and to all costs of exploration, development and operations and all risks in connection therewith.

No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or any underwriter. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

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LOMAK PETROLEUM, INC.

PROSPECTUS

March , 1997

PART II

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

SEC Registration Fee.....	\$ 41,514
Legal Fees and Expenses*.....	5,000
Accounting Fees*.....	7,500
Printing and Engraving*.....	15,000
Miscellaneous*.....	5,986

Total.....	\$ 75,000

* Estimated

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Company is a Delaware corporation. Section 145 of the Delaware General Corporation Law generally provides that a corporation is empowered to indemnify any person who is made a party to a proceeding or threatened proceeding by reason of the fact that he is or was a director, officer, employee or agent of the corporation or was, at the request of the corporation, serving in any of such capacities in another corporation or other enterprise. This statute describes in detail the right of the corporation to indemnify any such person. Article SEVENTH, section (5) the Company Certificate of Incorporation provides:

Any former, present or future director, officer or employee of the Company or the legal representative of any such director, officer, or employee shall be indemnified by The Company

(a) against reasonable costs, disbursements and counsel fees paid or incurred where such person has been successful on the merits or otherwise in any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding, or in defense of any claim, issue or matter therein, by reason of such person being or having been such director, officer or employee, and

(b) with respect to any such action, suit, proceeding, inquiry or investigation for which indemnification is not made under (a) above, against reasonable costs, disbursements (which shall include amounts paid in satisfaction of settlements, judgments, fines and penalties, exclusive, however, of any amount paid or payable to the Company) and counsel fees if such person also had no reasonable cause to believe the conduct was unlawful, with the determination as to whether the applicable standard of conduct was met to be made by a majority of the members of the Board of Directors (sitting as a committee of the Board) who were not parties to such inquiry, investigation, action, suit or proceeding or by any one or more disinterested counsel to whom the question may be referred to the Board of Directors; provided, however, in connection with any proceeding by or in the right of the Company, no indemnification shall be provided as to any person adjudged by any court to be liable for negligence or misconduct except as and to the extent determined by such court.

The termination of any such inquiry, investigation, action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that such person did not meet the standards of conduct set forth in subsection (b) above.

Reasonable costs, disbursements and counsel fees incurred by such person in connection with any inquiry, investigation action, suit or proceeding may be paid by the Company in advance of the final disposition of such matter if authorized by a majority of the Board of Directors (sitting as a committee of the Board) not parties to such matter upon receipt by The Company of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person is entitled to be indemnified as set forth herein.

The Board of Directors may, at any regular or special meeting of the Board, by resolution, accord similar indemnification (prospective or retroactive) to any director, trustee, officer or employee of any other company who is serving as such at the request of the Company because of the Company's interest in such other company and any officer, director or employee of any constituent corporation absorbed by the Company in a consolidation or merger, or the legal representative of any such director, trustee, officer or employee.

The indemnification herein provided shall not exclude any other rights to which such person may be entitled as a matter of law or which may be lawfully granted.

Article XII of the Company's Bylaws, incorporating the above provisions, provides for an indemnification agreement to be entered into by directors' and designated officers of the Company. All directors of the Company have executed an indemnification agreement the form of which was approved by stockholders at the Company's 1994 annual stockholders meeting.

Article XII of the Company's Bylaws also allows the Company to purchase liability insurance for Officers and Directors. As of the date hereof there is no such insurance in place.

Article XIII of the Company's Bylaws, with certain specified exceptions, limits the personal liability of the Directors to Lomak or its stockholders for monetary damages for breach of fiduciary duty to the fullest extent permitted by Delaware law, including any changes in Delaware law adopted in the future.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Registrant, pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. See Item 17, "Undertakings."

ITEM 16. EXHIBITS.

Exhibit No.	Description
1.1*	Purchase Agreement dated December 20, 1996 among Lomak Petroleum, Inc., Forum Capital Markets L.P., McDonald & Company Securities, Inc. and Morgan Keegan & Company, Inc.
4.1(a)*	Form of Indenture between Lomak Petroleum, Inc. and Keycorp. Shareholder Service, Inc. relating to the 8.125% Subordinated Convertible Notes due 2005.
4.1(b)*	Registration Rights Agreement dated October 31, 1995 among Lomak Petroleum, Inc., Forum Capital Markets L.P. and Hanifen, Imhoff Inc.
5.1**	Opinion of Vinson & Elkins, L.L.P.
24.1(a)**	Consent of Vinson & Elkins, L.L.P. (included in Exhibit 5.1 hereto).
24.1(b)*	Consent of Arthur Andersen LLP.
24.1(c)*	Consent of Coopers & Lybrand LLP.
24.1(d)*	Consent of KPMG Peat Marwick LLP.

* Filed herewith.

** To be filed by amendment.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

(a) (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, Form S-8, or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

"The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent for given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information."

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Forth Worth, State of Texas on March 25 1997.

LOMAK PETROLEUM, INC.

BY: /S/ JOHN H. PINKERTON

 John H. Pinkerton
 President and
 Chief Executive Officer
 (Principal Executive Officer)

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/s/ Thomas J. Edelman ----- Thomas J. Edelman	Chairman and Director	March 25, 1997
/s/ John H. Pinkerton ----- John H. Pinkerton	President, Chief Executive Officer and Director (Principal Executive Officer)	March 25, 1997
/s/ C. Rand Michaels ----- C. Rand Michaels	Vice Chairman and Director	March 25, 1997
/s/ Robert E. Aikman ----- Robert E. Aikman	Director	March 25, 1997
/s/ Allen Finkelson ----- Allen Finkelson	Director	March 25, 1997
/s/ Anthony V. Dub ----- Anthony V. Dub	Director	March 25, 1997
/s/ Ben A. Guill ----- Ben A. Guill	Director	March 25, 1997
/s/ Thomas W. Stoelk ----- Thomas W. Stoelk	Vice President - Finance and Chief Financial Officer (Principal Financial Officer)	March 25, 1997
/s/ John R. Frank ----- John R. Frank	Controller and Chief Accounting Officer (Principal Accounting Officer)	March 25, 1997

EXHIBIT INDEX

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24.1(d)*	Consent of KPMG Peat Marwick LLP.

* Filed herewith.

** To be filed by amendment.

\$55,000,000

6% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2007

LOMAK PETROLEUM, INC.

PURCHASE AGREEMENT

New York, New York
December 20, 1996

FORUM CAPITAL MARKETS L.P.
MCDONALD & COMPANY SECURITIES, INC.
MORGAN KEEGAN & COMPANY, INC.
c/o Forum Capital Markets L.P.
53 Forest Avenue
Old Greenwich, Connecticut 06870

Ladies and Gentlemen:

Lomak Petroleum, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to Forum Capital Markets L.P., McDonald & Company Securities and Morgan Keegan & Company, Inc. (the "Initial Purchasers") \$55,000,000 aggregate principal amount of its 6% Convertible Subordinated Debentures due 2007 (the "Debentures") to be issued pursuant to the provisions of an indenture dated as of the date hereof (the "Indenture") between the Company and Keycorp Shareholder Services, Inc., as trustee (the "Trustee"). The shares of the Company's common stock, par value \$.01 per share (the "Common Stock"), issuable upon conversion of the Debentures are hereinafter referred to as the "Conversion Shares." The Debentures and the Conversion Shares are hereinafter referred to collectively as the "Securities." The Company hereby confirms its agreement with the Initial Purchasers with respect to the sale by the Company and the purchase by the Initial Purchasers of the Debentures, as set forth herein.

The Debentures will be offered and sold to the Initial Purchasers without being registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on an exemption therefrom. The Company has prepared a preliminary offering memorandum dated December 11, 1996 (the "Preliminary Offering Memorandum"), and a final offering memorandum dated December 20, 1996 (the "Offering Memorandum"), setting forth information regarding the Company and the Securities. The Company hereby confirms that it has authorized the use of the Preliminary Offering Memorandum and the Offering Memorandum in connection with the offering and sale of the Debentures (the "Offering").

Holder (including subsequent transferees) of the Securities will have the registration rights set forth in the Registration Rights Agreement (the "Registration Rights Agreement") between the Initial Purchasers and the Company, dated concurrently herewith. Pursuant to the Registration Rights Agreement, the Company has agreed to file with the Securities and Exchange Commission (the "Commission") a shelf registration statement pursuant to Rule 415 under the Securities Act (the "Shelf Registration Statement") to cover public resales of the Securities by the holders thereof.

Capitalized terms used herein without definition have the respective meanings specified therefor in the Offering Memorandum. For purposes hereof, "Rules and Regulations" means the rules and regulations adopted by the Commission under the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act") or the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), as applicable.

1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to, and agrees with, the Initial Purchasers of the date hereof, and as of the Closing Date, as follows:

(a) The Offering Memorandum, as of its date, together with each amendment or supplement thereto, as of its date, contains all the information that, if requested by a prospective purchaser, would be required to be provided pursuant to Rule 144A(d)(4) under the Securities Act. The Offering Memorandum does not, and at the Closing Date will not, and any amendment or supplement thereto, if any, as of its date, will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to information contained in or omitted from the Preliminary Offering Memorandum or the Offering Memorandum (or any supplement or amendment thereto) in reliance upon and in conformity with written information furnished to the Company by or on behalf of either Initial Purchaser specifically for use therein (the "Initial Purchasers' Information"). The parties acknowledge and agree that the Initial Purchasers' Information consists solely of the last paragraph at the bottom of the front cover page concerning the terms of the offering by the Initial Purchasers, the legends concerning over-allotment and trading activities of the Initial Purchasers and their affiliates on the inside front cover page and the paragraphs under the caption "Plan of Distribution" in the Offering Memorandum. No order suspending or preventing the sale of the Securities in any jurisdiction has been issued or threatened or, to the knowledge of the Company, is contemplated.

(b) The Company is subject to Section 13 or 15(d) of the Exchange Act. The documents incorporated by reference into the Offering Memorandum (the "Incorporated Documents"), when they were filed with the Commission (or, if any amendment with respect to any such document was filed, when such amendment was filed), complied in all material respects with the requirements of the Exchange Act and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and any Incorporated Documents filed subsequent to the date of the Offering Memorandum shall, when filed with the Commission, conform in all respects to the requirements of the Securities Act, the Rules and Regulations and the Exchange Act, as applicable. All reports and statements required to be filed by the Company under the Securities Act and the Exchange Act have been filed, together with all exhibits required to be filed therewith. The documents and agreements so filed which are described in the Offering Memorandum are in full force and effect on the date hereof and neither the Company nor any of its direct and indirect subsidiaries identified on Annex I hereto (collectively, the "Subsidiaries"), nor, to the knowledge of the Company, any other party thereto is in breach of or default under a material provision of any such document or agreement.

(c) The Company and each of the corporate Subsidiaries has been duly organized and is validly existing as a corporation in good standing under the laws of the state of its incorporation. Lomak Production I, L.P. (the "Partnership") is a partnership duly organized under the laws of the State of Texas. Lomak Resources L.L.C. (the "Limited Liability Company") is a limited liability company duly organized under the laws of the State of Oklahoma. The corporate Subsidiaries, the Partnership and the Limited Liability Company are all of the Subsidiaries. Each of the Company and the Subsidiaries is duly qualified and licensed and in good standing as a foreign corporation (or, with respect to the Partnership, as a foreign partnership and with respect to the Limited Liability Company, as a foreign limited liability company) in each jurisdiction in which its ownership or leasing of any properties or the character of its operations require such qualification or licensing (each of which jurisdictions is designated on Annex I hereto), except where the failure to be so qualified or licensed would not have a material adverse effect on the condition, financial or otherwise, results of operations, business or prospects of the Company and the Subsidiaries, taken as a whole (a "Material Adverse Effect"). Each Subsidiary which accounted for more than 5% of the Company's consolidated assets at September 30, 1996 or more than 10% of the Company's consolidated revenues during the 12 months then ended or which is reasonably expected to exceed such percentages with respect to the Company's next four fiscal quarters ending after the date hereof are indicated on Annex I hereto, and all such Subsidiaries are hereinafter referred to collectively as the "Significant Subsidiaries." The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the Subsidiaries. Except as set forth on Annex I, the Company owns, either directly or through other Subsidiaries, all of the outstanding capital stock (capital stock for purposes of this Agreement including partnership interests and membership interests, in addition to common stock and preferred stock) of each Subsidiary, in each case free and clear of all liens, charges, claims, encumbrances, pledges, security interests defects or other restrictions or equities of any kind whatsoever; and all outstanding capital stock of the Subsidiaries has been duly authorized and validly issued and is fully paid and non-assessable and not issued in violation of any preemptive rights or applicable securities laws. Each of the Company and the Subsidiaries has all requisite power and authority (corporate, partnership and other),

and has obtained any and all necessary authorizations, approvals, orders, licenses, certificates, franchises and permits of and from all governmental or regulatory officials and bodies, to own or lease its properties and conduct its business as described in the Offering Memorandum; each of the Company and the Subsidiaries is and has been doing business in compliance with all such authorizations, approvals, orders, licenses, certificates, franchises and permits and all federal, foreign, state and local laws, rules and regulations; and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such authorization, approval, order, license, certificate, franchise or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

(d) The Company has an authorized capitalization as set forth in the Offering Memorandum and will have the adjusted capitalization as of the period indicated therein, based upon the assumptions set forth therein. Neither the Company nor any of the Subsidiaries is a party to or bound by any instrument, agreement or other arrangement, including, but not limited to, any voting trust agreement, stockholders' agreement or other agreement or instrument, affecting the securities or rights or obligations of securityholders of the Company or any of the Subsidiaries or providing for any of them to issue, sell, transfer or acquire any capital stock, rights, warrants, options or other securities of the Company or any of the Subsidiaries, except for this Agreement, the certificate of designations relating to the Company's \$2.03 Convertible Exchangeable Preferred Stock outstanding on the date hereof (the "Existing Preferred") and the indenture related thereto, the Indenture and as set forth in the Offering Memorandum (including the notes to the financial statements set forth therein). The Company's capital stock and the Debentures conform in all material respects to all statements with respect thereto contained in the Offering Memorandum. All issued and outstanding securities of the Company and the Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, as applicable; the holders thereof have no rights of rescission with respect thereto and are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights of any securityholder of the Company or any of the Subsidiaries or similar contractual rights granted by the Company or any of the Subsidiaries.

(e) The Debentures will be issued pursuant to the terms and conditions of the Indenture, and the Indenture and the Registration Rights Agreement each conform to the description thereof contained in the Offering Memorandum. At the Closing Date, the Indenture will conform in all material respects to the requirements of the Trust Indenture Act and the Rules and Regulations applicable to an indenture which is qualified thereunder. The Debentures have been duly authorized and, when validly authenticated, issued, delivered and paid for in the manner contemplated by the Indenture, will be duly authorized, validly issued and outstanding obligations of the Company entitled to the benefits of the Indenture. The Conversion Shares issuable upon conversion of the Debentures will, upon such issuance, be duly authorized, fully-paid and non-assessable, and the Company has duly authorized and reserved the Conversion Shares for issuance upon conversion of the Debentures. The Securities are not and will not be subject to any preemptive or other similar rights of any securityholder of the Company or any of the Subsidiaries; all corporate action required to be taken for the authorization, issue and sale of the Securities has been duly and validly taken; and the certificates representing the Securities will be in due and proper form. Upon the issuance and delivery pursuant to the terms of this Agreement and the Indenture of the Debentures, the Initial Purchasers will acquire good and marketable title thereto free and clear of any lien, charge, claim, encumbrance, pledge, security interest, defect or other restriction or equity of any kind whatsoever.

(f) The consolidated financial statements of the Company and the Subsidiaries together with the related notes thereto included in the Preliminary Offering Memorandum and the Offering Memorandum fairly present the financial position, income, changes in stockholders' equity, cash flow and results of operations of the Company and the Subsidiaries at the respective dates and for the respective periods to which they apply and such financial statements have been prepared in conformity with generally accepted accounting principles and the Rules and Regulations, consistently applied throughout the periods involved; the pro forma financial information included in each Preliminary Offering Memorandum and the Offering Memorandum presents fairly the information shown therein in accordance with Article 11 of Regulation S-X. Except as described in the Offering Memorandum, there has been no material adverse change or development involving a material prospective change in the condition, financial or otherwise, or in the earnings, business, prospects or results of operations of the Company or any of the Subsidiaries, taken as a whole, whether or not arising in the ordinary course of business, since the date of the financial statements included in the Offering Memorandum and the outstanding debt, the property, both tangible and intangible, and the businesses of each of the Company and the

Subsidiaries conform in all material respects to the descriptions thereof contained in the Offering Memorandum. Financial information set forth in the Offering Memorandum under the headings "Summary Financial, Operating and Reserve Information," "Selected Historical and Pro Forma Financial Data," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" fairly present, on the basis stated in the Offering Memorandum, the information set forth therein and have been derived from or compiled on a basis consistent with that of the audited financial statements included in the Offering Memorandum.

(g) Each of the Company and the Subsidiaries has filed all income and franchise tax returns required to be filed by it in any jurisdiction, and has paid all taxes shown to be due on such returns or claimed to be due from such entities, other than those being contested in good faith. All tax liabilities, including those being contested by the Company or the Subsidiaries are adequately reserved for in the Company's financial statements (in accordance with generally accepted accounting principles). No tax deficiency has been asserted and no tax proceedings are pending or is threatened against the Company or any of the Subsidiaries, and to the knowledge of the Company, no such deficiency or proceeding is contemplated.

(h) No transfer tax, stamp duty or other similar tax is payable by or on behalf of the Initial Purchasers in connection with (i) the issuance by the Company of the Securities, (ii) the purchase by the Initial Purchaser of the Debentures from the Company or (iii) the consummation by the Company of any of its obligations under this Agreement.

(i) Each of the Company and the Subsidiaries maintains liability, casualty and other insurance (subject to customary deductions and retentions) with responsible insurance companies against such risk of the types and in the amounts customarily maintained by independent oil companies of comparable size to the Company engaged in the acquisition, development and exploration of oil and gas properties (which may include self-insurance in comparable form to that maintained by such responsible companies), all of which insurance is in full force and effect.

(j) There is no action, suit, proceeding, litigation or governmental proceeding pending or threatened or, to the knowledge of the Company, contemplated against (or circumstances that are reasonably likely to give rise to the same), or involving the properties or businesses of, the Company or any of the Subsidiaries which (i) questions the validity of the capital stock of the Company or any of the Subsidiaries, this Agreement, the Indenture, the Registration Rights Agreement or of any action taken or to be taken by the Company or any of the Subsidiaries pursuant to or in connection with this Agreement, the Indenture or the Registration Rights Agreement or (ii) except as disclosed in the Offering Memorandum, would have a Material Adverse Effect.

(k) The Company has full legal right, power and authority to authorize, issue, deliver and sell the Debentures and the Conversion Shares upon conversion of the Debentures, to enter into this Agreement, the Indenture and the Registration Rights Agreement and to consummate the transactions provided for in such agreements; and this Agreement has been duly and properly authorized, executed and delivered by the Company and when the Company has duly executed and delivered the Registration Rights Agreement (assuming the due execution and delivery thereof by the Initial Purchasers) and the Indenture (assuming the due execution and delivery thereof by the Trustee), this Agreement, the Registration Rights Agreement and the Indenture each will constitute a legal, valid and binding agreement of the Company enforceable against the Company in accordance with its terms. None of the Company's issue and sale of the Debentures and the Conversion Shares upon the conversion of the Debentures, the execution or delivery of this Agreement, the Indenture and the Registration Rights Agreement, its performance hereunder and thereunder, its consummation of the transactions contemplated herein and therein or the conduct by it and the Subsidiaries of their businesses as described in the Offering Memorandum or any amendments or supplements thereto conflicts or will conflict with or results or will result in any breach or violation of any of the terms or provisions of, or constitutes or will constitute a default under, or results or will result in the creation or imposition of any lien, charge, claim, encumbrance, pledge, security interest, defect or other restriction or equity of any kind whatsoever upon any property or assets of the Company or any of the Subsidiaries pursuant to the terms of, (i) the certificate of incorporation or by-laws of the Company or any of the Subsidiaries, (ii) any license, contract, indenture, mortgage, deed of trust, voting trust agreement, stockholders' agreement, note, loan or credit agreement or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which it or any Subsidiary is or may be bound or to which its or any of the Subsidiaries'

properties or assets is or may be subject, or any indebtedness, or (iii) any statute, judgment, decree, order, rule or regulation applicable to the Company or any of the Subsidiaries of any arbitrator, court, regulatory body or administrative agency or other governmental agency or body, having jurisdiction over the Company or any of the Subsidiaries or any of their respective activities or properties.

(l) Neither the Company nor any of the Subsidiaries (i) is in violation of its certificate of incorporation or by-laws, (ii) is in default in the performance of any obligation, agreement or condition contained in any license, contract, indenture, mortgage, installment sale agreement, lease, deed of trust, voting trust agreement, stockholders' agreement, note, loan or credit agreement, purchase order, agreement or instrument evidencing an obligation for borrowed money or other material agreement or instrument to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries may be bound or to which the property or assets of the Company or any of the Subsidiaries is subject or affected or (iii) is in violation in any respect of any law, ordinance, governmental rule, regulation or court decree to which it or its property or assets may be subject, except any violation or default under the foregoing clauses (ii) or (iii) as would not have a Material Adverse Effect.

(m) No consent, approval, authorization or order of, and no filing with, any court, arbitrator, regulatory body, government agency or other body, domestic or foreign, is required for the execution, delivery or performance of this Agreement, the Indenture, the Registration Rights Agreement or the transactions contemplated hereby or thereby, except such as have been or may be obtained under the Securities Act or may be required under state securities or Blue Sky laws.

(n) Subsequent to the respective dates as of which information is set forth in the Offering Memorandum, and except as may otherwise be indicated or contemplated herein or therein, neither the Company nor any of the Subsidiaries has (i) issued any securities (other than upon exercise of options outstanding on the date hereof pursuant to the Company's Stock Option Plan, 1994 Outside Directors Stock Option Plan and 1994 Stock Purchase Plan or upon conversion of the preferred stock of the Company or the exercise of warrants outstanding on such respective dates, or incurred any material liability or obligation, direct or contingent, for borrowed money not in the ordinary course of business, (ii) entered into any material transaction other than in the ordinary course of business or (iii) declared or paid any dividend or made any other distribution on or in respect of its capital stock of any class and there has not been any change in the capital stock (excluding changes contemplated by clause (i) hereof) or long term debt of the Company and the Subsidiaries taken as a whole or any material adverse change in or affecting the general affairs, business, management, financial conditions, stockholders' equity or results of operation of the Company or any of the Subsidiaries.

(o) The Company and the Subsidiaries is in compliance with all federal, state, local and foreign laws and regulations respecting employment and employment practices, terms and conditions of employment and wages and hours. There are no pending investigations involving the Company or any of the Subsidiaries by the U.S. Department of Labor or any other governmental agency responsible for the enforcement of such federal, state, local or foreign laws and regulations. There is no unfair labor practice charge or complaint against the Company or any of the Subsidiaries pending before the National Labor Relations Board or any strike, picketing, boycott, dispute, slowdown or stoppage pending or threatened against or involving the Company or any of the Subsidiaries. No representation question exists respecting the employees of the Company or any of the Subsidiaries, and no collective bargaining agreement or modification thereof is currently being negotiated by the Company or any of the Subsidiaries. No grievance or arbitration proceeding is pending under any expired or existing collective bargaining agreements of the Company or any of the Subsidiaries. No material labor dispute with the employees of the Company or any of the Subsidiaries exists or, to the knowledge of the Company, is imminent.

(p) Except as identified on Schedule II attached hereto, neither the Company nor any of the Subsidiaries maintains, sponsors or contributes to any program or arrangement that is an "employee pension benefit plan" an "employee welfare benefit plan" or a "multi-employer plan" ("ERISA Plans") as such terms are defined in Sections 3(2), 3(1) and 3(37), respectively, of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Except as identified on Schedule II attached hereto, neither the Company nor any of the Subsidiaries maintains or contributes to, now or at any time previously, a defined benefit plan as defined in Section 3(35) of ERISA. No ERISA Plan (or any trust created thereunder) has engaged in a "prohibited transaction" within the meaning of Section 406 of

ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") which could subject the Company or any of the Subsidiaries to any tax penalty on prohibited transactions and which has not adequately been corrected. No "accumulated funding deficiency" (as defined in Section 302 of ERISA) or any of the events set forth in Section 4043(b) of ERISA (other than events with respect to which the 30-day notice under Section 4043 of ERISA has been waived) has occurred with respect to any employee benefit plan which might reasonably be expected to have a Material Adverse Effect. Each ERISA Plan is in compliance with all material reporting, disclosure and other requirements of the Code and ERISA as they relate to such ERISA Plan. Determination letters have been received from the Internal Revenue Service with respect to each ERISA Plan which is intended to comply with Code Section 401(a) stating that such ERISA Plan and the attendant trust are qualified thereunder. Neither the Company nor any of the Subsidiaries has ever completely or partially withdrawn from a "multi-employer plan" as so defined.

(q) Neither the Company or any of the Subsidiaries, nor any of its affiliates has taken or will take, directly or indirectly, any action designed to or which has constituted or which might be expected to cause or result in, under the Exchange Act or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or otherwise.

(r) Each of the Company and the Subsidiaries (i) owns or has the right to use, free and clear of all liens, claims, encumbrances, pledges, security interests, and other adverse interests of any kind whatsoever, all patents, trademarks, service marks, trade names, copyrights, technology, and all licenses and rights with respect to the foregoing, used in the conduct of its business as now conducted or proposed to be conducted without, to the best knowledge of the Company and the Subsidiaries, infringing upon or otherwise acting adversely to the right or claimed right of any person, corporation or other entity, (ii) is not obligated or under any liability whatsoever to make any payments by way of royalties, fees or otherwise to any owner or licensee of, or other claimant to, any patent, trademark, service mark, trade name, copyright, know-how, technology or other intangible asset, with respect to the use thereof or in connection with the conduct of its business or otherwise and (iii) has not received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, might have a Material Adverse Effect.

(s) Except as to its interests in oil and gas leases, each of the Company and the Subsidiaries has good and marketable title to, or valid and enforceable leasehold estates in, all items of real and personal property which are material to its business and/or reflected as owned by it in the financial statements included in the Offering Memorandum, in each case free and clear of all liens, charges, claims, encumbrances, pledges, security interests, defects and other restrictions except those disclosed in the Offering Memorandum or those which are not material in amount and do not materially adversely affect the use made or proposed to be made of such property. Each of the Company and the Subsidiaries has good and defensible title to its interests in oil and gas leases, free and clear of any liens, charges, claims, encumbrances, pledges, security interests, defects and other restrictions of any kind, and liens and encumbrances under operating agreements, unitization and pooling arrangements and gas sales contracts that secure payment of amounts not yet due and payable and which are of a nature and scope customary in connection with similar oil and gas drilling and producing operations, and except those which are not material in amount and do not materially adversely affect the use made and proposed to be made of such oil and gas leases. The Company and each of the Subsidiaries has conducted such title investigations and has acquired its interest in oil and gas leases in such manner as is customary in the oil and gas industry for the respective regions in which the property subject to such leases is located. The Company and each of the Subsidiaries has complied in all material respects with the terms of oil and gas leases in which each purports to own an interest, and no claim of any sort has been asserted by any person or entity adverse to the rights of the Company or any of the Subsidiaries as lessee or sublessee under any of such leases or questioning its rights to the continued possession of the leased premises under any such lease, except with respect to claims which do not materially adversely affect the use made and proposed to be made of such oil and gas leases by the Company or any of the Subsidiaries. The concessions, reservations, licenses, permits and rights to hydrocarbons held by the Company and each of the Subsidiaries are valid, subsisting and enforceable with such exceptions which do not materially adversely affect the use made and proposed to be made of such oil and gas leases. Except as set forth in the Offering Memorandum, neither the Company nor any of the Subsidiaries owns or leases any material real or personal property, the loss of which would have a Material Adverse Effect.

(t) Ernst & Young LLP and Arthur Andersen LLP are independent certified public accountants of the Company as required by the Securities Act and the Rules and Regulations.

(u) The Debentures satisfy the eligibility requirements of Rule 144A(d)(3) under the Securities Act. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act, and is approved for trading on the New York Stock Exchange under the symbol "LOM". The Company has taken no action that was designed to terminate, or that is likely to have the affect of terminating, trading of the Common Stock on the New York Stock Exchange, nor has the Company received any notification that the Commission or the New York Stock Exchange is contemplating terminating such trading.

(v) The information provided by the Company or any of the Subsidiaries to the Petroleum Consultants (as hereinafter defined) for the preparation of the estimates or reserves in the reserve reports for the oil and gas properties of the Company prepared by H.J. Gruy & Associates, Harper & Associates, Inc., Clay, Holt & Klammer, Long Consultants, Inc. and Wright & Company, Inc., independent petroleum consultants (collectively the "Petroleum Consultants"), were at the time of delivery thereof to the Petroleum Consultants complete and accurate in all material respects. The Petroleum Consultants are each independent petroleum consulting firms as required by the Securities Act and the Rules and Regulations. Except as expressly stated in the Preliminary Offering Memorandum and the Offering Memorandum, information in the Preliminary Offering Memorandum and in the Offering Memorandum regarding estimates of reserves, future net cash flows and present values of proved reserves comply in all material respects with the applicable requirements of Rule 4-10 of Regulation S-X and Industry Guide 2 under the Securities Act.

(w) Neither the Company nor any of the Subsidiaries has, nor to the knowledge of the Company, has any officer, director or employee of the Company or any of the Subsidiaries or any other person acting on behalf of the Company or any of the Subsidiaries, for the benefit of the Company or any such Subsidiaries at any time during the last five years, (i) made any unlawful gift or contribution to any candidate for federal, state, local or foreign political office, or failed to disclose fully any such gift or contribution in violation of law, or (ii) made any payment to any federal, state, local or foreign governmental officer or official, which would be reasonably likely to subject the Company or any of the Subsidiaries to any damage or penalty in any civil, criminal or governmental litigation or proceeding (domestic or foreign). Each of the Company's and the Subsidiaries' internal accounting controls are sufficient to cause the Company and the Subsidiaries to comply with the Foreign Corrupt Practices Act of 1977, as amended.

(x) Except as set forth in the Offering Memorandum, no officer, director or 5% or greater stockholder of the Company or any of the Subsidiaries, or any "affiliate" or "associate" (as these terms are defined in Rule 405 promulgated under the Rules and Regulations) of any of the foregoing persons or entities, has or has had, either directly or indirectly, (i) a material interest in any person or entity which (A) furnishes or sells services or products which are furnished or sold or are proposed to be furnished or sold by the Company or any of the Subsidiaries or (B) purchases from or sells or furnishes to the Company or any of the Subsidiaries any goods or services or (ii) a material beneficiary interest in any contract or agreement to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries may be bound or affected. Except as set forth in the Offering Memorandum under the caption "Certain Transactions," there are no existing agreements, arrangements, understandings or transactions, or proposed agreements, arrangements, understandings or transactions, between or among the Company or any of the Subsidiaries and any such officer, director, 5% or greater stockholder, "affiliate" or "associate." For the purpose of this subsection (y), interests which may be excluded from disclosure pursuant to the instructions to items of Regulation S-K shall be deemed to be per se not material.

(y) The minute books of each of the Company and the Subsidiaries have been made available to the Initial Purchasers, contain a complete summary of all meetings and actions of the directors and stockholders of each of the Company and the Subsidiaries since the time of their respective incorporation and reflect all transactions referred to in such minutes accurately in all respects.

(z) Neither the Company nor any of the Subsidiaries has been notified or is otherwise aware that it is liable with respect to obligations under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any similar law ("Environmental Laws"), and it is not aware of any facts or circumstances

which could reasonably be expected to result in any such liability. The Company and the Subsidiaries are in substantial compliance with all applicable existing Environmental Laws, except for such instances of non-compliance which would not have a Material Adverse Effect. The term "Hazardous Material" means (i) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, (ii) any "hazardous waste" as defined by the Resource Conservation and Recovery Act, as amended, (iii) any petroleum or petroleum product, (iv) any polychlorinated biphenyl and (v) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material, waste or substance regulation under or within the meaning of any other Environmental Law. To the best of the Company's knowledge, no disposal, release or discharge of "Hazardous Material" has occurred on, in, at or about any of the facilities or properties of the Company or any of the Subsidiaries. Except as described in the Offering Memorandum, to the best of the Company's knowledge: (i) there has been no storage, disposal, generation, transportation, handling or treatment of hazardous substances or solid wastes by the Company or any of the Subsidiaries (or to the knowledge of the Company, any of its predecessors in interest) at, upon or from any of the property now or previously owned or leased by the Company or any of the Subsidiaries in violation of any applicable law, ordinance, rule, regulation, order, judgment, decree or permit or which would require remedial action which has not been taken, under any applicable law, ordinance, rule, regulation, order, judgment, decree or permit, except for such violations and failures to take remedial action which would not result in, singularly or in the aggregate, a Material Adverse Effect; (ii) there has been no material spill, discharge, leak, emission, injection, escape, dumping or release of any kind onto such property or into the environment surrounding such property by the Company or any of the Subsidiaries of any solid waste or Hazardous Materials, except for such spills, discharges, leaks, emissions, injections, escapes, dumping or releases which would not result in, singularly or in the aggregate, a Material Adverse Effect.

(aa) The Company is not an "investment company," a company controlled by an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

(bb) Neither the Company nor any affiliate (as such term is defined in Rule 501(b) under the Securities Act) of the Company has, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any "security" (as defined in the Securities Act), which is or will be integrated with the sale of the Debentures in a manner that would require the registration of the Debentures under the Securities Act.

(cc) None of the Company, any affiliate (as such term is defined in Rule 501(b) under the Securities Act) of the Company and any other person acting on its or their behalf has engaged, in connection with the Offering, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act.

(dd) Assuming the accuracy of the Initial Purchasers' representations in Section 2(b) hereof and its compliance with the agreements set forth therein, it is not necessary, in connection with the issuance and sale of the Debentures and the offer, resale and delivery of the Debentures in the manner contemplated by this Agreement and the Offering Memorandum, to register the Debentures or the Conversion Shares under the Securities Act or to qualify the Indenture under the Trust Indenture Act.

2. PURCHASE BY THE INITIAL PURCHASERS.

(A) On the basis of the representations, warranties and agreements contained herein, and subject to the terms and conditions set forth herein, the Company agrees to issue and sell to the Initial Purchasers, and the Initial Purchasers agree, severally and not jointly, to purchase from the Company, the aggregate principal amount of Debentures set forth across from their respective names on Schedule A attached hereto at a purchase price equal to 97% of the principal amount thereof.

(b) The Initial Purchasers have advised the Company that it is their intention, as promptly as they deem appropriate after the Company shall have furnished the Initial Purchasers with copies of the Offering Memorandum, to resell the Debentures pursuant to the procedures and upon the terms set forth in the Offering Memorandum, including not to solicit any offer to buy or offer to sell the Debentures by means of any form of general

solicitation or general advertising (within the meaning of Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act. The Initial Purchasers warrant and agree with the Company that they have solicited and will solicit offers (the "Exempt Resales") for Debentures only from, and will offer Debentures only to, persons that they reasonably believe to be (i) "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("QIBs")) in transactions that meet the requirements for an exemption from the registration requirements of the Securities Act under Rule 144A or (ii) to a limited number of "institutional accredited investors" (as defined in Regulation D under the Securities Act and of the types described in the Offering Memorandum ("Institutional Accredited Investors")) that execute and deliver a letter containing certain representations and agreements in the form attached as Annex A of the Offering Memorandum. The QIBs and the Institutional Accredited Investors are referred to herein as "Eligible Purchasers." Each of the Initial Purchasers represents and warrants that it is an Institutional Accredited Investor with such knowledge and experience in financial and business matters as are necessary to evaluate the merits and risks of an investment in the Debentures, and is acquiring its interest in the Debentures not with a view to the distribution or resale thereof, except resales in compliance with the registration requirements or exemption provisions of the Securities Act and that neither it, nor anyone acting on its behalf, will offer the Debentures so as to bring the issuance and sale of the Debentures within the provisions of Section 5 of the Securities Act. The Company acknowledges and agrees that the Initial Purchasers may sell Debentures to any affiliate of any of the Initial Purchasers and any such affiliate may sell Debentures purchased by it to the Initial Purchasers. Each of the Initial Purchasers agrees that, prior to or simultaneously with the confirmation of sale by it to any purchaser of any of the Debentures purchased from the Company pursuant hereto, such Initial Purchaser shall furnish to that purchaser a copy of the Offering Memorandum (and any amendment thereof or supplement thereto that the Company shall have furnished to the Initial Purchasers prior to the date of such confirmation of sale).

3. DELIVERY OF AND PAYMENT FOR THE DEBENTURES. Delivery of, and payment for, the Debentures shall be made at 10:00 a.m., New York City time, on December 27, 1996, or at such other date or time as shall be agreed by the Initial Purchasers and the Company (such date and time being referred to herein as the "Closing Date"). Delivery of, and payment for, the Debentures shall be made at the offices of Kelley Drye & Warren LLP, New York, New York, or any such other place as shall be agreed by the Initial Purchasers and the Company. On the Closing Date, the Company shall deliver or cause to be delivered to the Initial Purchasers certificates for the Debentures against payment to or upon the order of the Company of the purchase price by wire or book-entry transfer of immediately available funds. Upon delivery, the Debentures shall be in global form, in such denominations and registered in such names, or otherwise, as the Initial Purchasers shall have requested in writing not less than two full business days prior to the Closing Date. The Company shall make the certificates for the Debentures available for inspection by the Initial Purchasers in New York, New York, not later than one full business day prior to the Closing Date.

4. COVENANTS AND AGREEMENTS OF THE COMPANY. The Company covenants and agrees with the Initial Purchasers as follows:

(a) during the period ending 90 days after the date hereof to advise the Initial Purchasers promptly and, if requested, confirm such advice in writing, of the happening of any event which makes any statement of a material fact made in the Offering Memorandum untrue or that requires the making of any additions to or changes in the Offering Memorandum (as amended or supplemented from time to time) in order to make the statements therein, in light of the circumstances under which they were made, not misleading; to advise the Initial Purchasers promptly of any order preventing or suspending the use of the Preliminary Offering Memorandum or the Offering Memorandum, of the suspension of the qualification of the Debentures for offering or sale in any jurisdiction and of the initiation or threatening of any proceeding for any such purpose; and to use its reasonable best efforts to prevent the issuance of any such order preventing or suspending the use of the Preliminary Offering Memorandum or of the Offering Memorandum or suspending any such qualification and, if any such suspension is issued, to use its reasonable best efforts to obtain the lifting thereof at the earliest possible time;

(b) to furnish promptly to the Initial Purchasers and counsel for the Initial Purchasers, without charge, as many copies of the Preliminary Offering Memorandum and the Offering Memorandum (and of any amendments or supplements thereto) as may be reasonably requested; to furnish to the Initial Purchasers on the date hereof a copy of the independent accountants' report included in the Offering Memorandum signed by the accountants rendering such

report; and the Company hereby consents to the use of the Preliminary Offering Memorandum and the Offering Memorandum, and any amendments and supplements thereto, in connection with Exempt Resales of the Debentures;

(c) if the delivery of the Offering Memorandum is required at any time in connection with the sale of the Debentures and if at such time any events shall have occurred as a result of which the Offering Memorandum as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when the Offering Memorandum is delivered, not misleading, or if for any other reason it shall be necessary at such time to amend or supplement the Offering Memorandum in order to comply with any law, to notify the Initial Purchasers immediately thereof, and to promptly prepare and furnish to the Initial Purchasers an amended Offering Memorandum or a supplement to the Offering Memorandum so that statements in the Offering Memorandum, as so amended or supplemented, will not, in light of the circumstances under which they were made when it is so delivered, be misleading, or so that the Offering Memorandum will comply with applicable law. The Initial Purchasers' delivery of any such amendment or supplement shall not constitute a waiver of any of the conditions set forth in Section 6 hereof;

(d) during the five-year period following the Closing Date, provided any of the Debentures remain outstanding, to furnish to the Initial Purchasers all public reports and all reports, documents, information and financial statements furnished by the Company to the Commission pursuant to the Trust Indenture Act, the Exchange Act or the Rules and Regulations;

(e) during the three-year period following the Closing Date, for so long as and at any time that it is not subject to Section 13 or 15(d) of the Exchange Act, upon request of any holder of the Debentures, to furnish to such holder, and to any prospective purchaser or purchasers of the Debentures designated by such holder, information satisfying the requirements of subsection (d)(4) of Rule 144(A) under the Securities Act. This covenant is intended to be for the benefit of the holders from time to time of the Debentures, and prospective purchasers of the Debentures designated by such holders;

(f) to use the proceeds from the sale of the Debentures in the manner described in the Offering Memorandum under the caption "Use of Proceeds";

(g) in connection with the Offering, to make its officers, employees, independent accountants and legal counsel reasonably available upon request by the Initial Purchasers;

(h) to use its reasonable best efforts to do and perform all things required to be done and performed under this Agreement by it that are within its control prior to or after the Closing Date and to use reasonable efforts to satisfy all conditions precedent on its part to the delivery of the Securities;

(i) except following the effectiveness of the Shelf Registration Statement, to not authorize or knowingly permit any person acting on its or their behalf to, solicit any offer to buy or offer to sell the Debentures by means of any form of general solicitation or general advertising (as such terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act;

(j) to not, and to use its reasonable best efforts to ensure that no affiliate (as such term is defined in Rule 501(b) under the Securities Act) of the Company will, offer, sell or solicit offers to buy or otherwise negotiate in respect of any "security" (as defined in the Securities Act) which could be integrated with the sale of the Debentures in a manner that would require the registration of the Debentures under the Securities Act;

(k) to not, so long as the Debentures are outstanding, be or become, or be or become owned by, an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act, and to not be or become, or be or become owned by, a closed-end investment company required to be registered, but not registered thereunder;

(l) to cooperate with the Initial Purchasers and counsel for the Initial Purchasers to qualify the Debentures for offering and sale under the securities laws of such jurisdictions as the Initial Purchasers may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Debentures; provided, however, that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process or to subject it to taxation in any jurisdiction where it is not so qualified or so subject;

(m) to comply with the Registration Rights Agreement and all agreements set forth in the representation letters of the Company to The Depository Trust Company relating to the approval of the Debentures for "book-entry" transfers;

(n) in connection with the Offering, until the Initial Purchasers shall have notified the Company of the completion of the resale of the Debentures, to not and use its reasonable best efforts to not permit any affiliated purchasers (as defined in Rule 10b-6 under the Exchange Act), either alone or with one or more other persons, to bid for or purchase, for any account in which it or any of its affiliated purchasers has a beneficial interest, any Debentures or Common Stock, or attempt to induce any person to purchase any Debentures; and to not and use its reasonable best efforts to not permit any of its affiliated purchasers to make bids or purchases for the purpose of creating actual, or apparent, active trading in or of raising the price of the Debentures;

(o) prior to the Closing Date, to not issue any press release or other communication directly or indirectly or hold any press conference with respect to the Company, its condition, financial or otherwise, or earnings, business affairs or business prospects, without the prior consent of the Initial Purchasers, unless in the judgment of the Company and its counsel, and after notification to the Initial Purchasers, such press release or communication is required by law;

(p) to not take any action prior to the execution and delivery of the Indenture which, if taken after such execution and delivery, would have violated any of the covenants contained in the Indenture;

(q) to not take any action prior to the Closing Date which in the Company's reasonable judgment would require the Offering Memorandum to be amended or supplemented pursuant to Section 4(c) hereof;

(r) to maintain a transfer agent and, if necessary under the laws of the jurisdiction of incorporation of the Company, a registrar (which may be the same entity as the transfer agent) for the Common Stock; and

(s) for a period of five (5) years from the date hereof, to use its best efforts to maintain the Private Offerings, Resale and Trading through Automated Linkages ("Portal") Market (or after the Shelf Registration Statement, New York Stock Exchange (or other national securities exchange or Nasdaq National Market listing, if the Company is then listed thereon) listing of the Debentures, to the extent outstanding, and the New York Stock Exchange (or other national securities exchange or Nasdaq Stock Market, if the Common Stock is then listed thereon) listing of the Common Stock.

5. PAYMENT OF EXPENSES.

(a) The Company hereby agrees to pay all of the following expenses and fees incident to the performance of the obligations of the Company under this Agreement, the Indenture and the Registration Rights Agreement, including, regardless of whether any sale of the Debentures to the Initial Purchasers is consummated (subject to Section 5(b) below): (i) the fees and expenses of accountants and counsel for the Company, (ii) all costs and expenses incurred in connection with the preparation, duplication, printing (including mailing and handling charges), delivery and mailing (including the payment of postage with respect thereto) of each Preliminary Offering Memorandum and the Offering Memorandum and any amendments and supplements thereto, in quantities as hereinabove stated, (iii) the printing, engraving, issuance and delivery of the certificates representing the Debentures, (iv) costs and expenses of travel, food and lodging of Company personnel in connection with the "road show," information meetings and

presentations, (v) fees and expenses of the transfer agent and registrar, (vi) fees and expenses of the Trustee, including the Trustee's counsel, in connection with the Indenture and the Debentures and (vii) the fees payable to the NASD, CUSIP Service Bureau and DTC incurred in connection with the listing of the Debentures and the Conversion Shares for trading in the PORTAL Market, (viii) the fees payable to the Commission and New York Stock Exchange in connection with the filing of a registration statement with respect to the Debentures and the Conversion Shares and the listing of the Conversion Shares on the New York Stock Exchange and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not specifically otherwise provided for in this Section. The Company shall not be responsible for any promotional or tombstone expenses, if any, related to the Offering, lodging and travel expenses of the Initial Purchasers' personnel on the "road show" or expenses of counsel for the Initial Purchasers.

(b) If this Agreement is terminated for any reason, the Company shall reimburse and indemnify the Initial Purchasers for their actual accountable out-of-pocket expenses.

6. CONDITIONS OF THE INITIAL PURCHASERS' OBLIGATIONS. The obligations of the Initial Purchasers hereunder shall be subject to the continuing accuracy of the representations and warranties of the Company herein as of the date hereof and as of the Closing Date as if they had been made on and as of the Closing Date; and the performance by the Company on and as of the Closing Date of its covenants and obligations hereunder and to the following further conditions:

(a) The Initial Purchasers shall not have advised the Company that the Offering Memorandum, or any supplement or amendment thereto, contains an untrue statement of fact which, in the Initial Purchasers' opinion, is material, or omits to state a fact which, in the Initial Purchasers' opinion, is material and is required to be stated therein or is necessary to make the statements, in light of the circumstances under which they were made, not misleading. No order suspending the sale of the Securities in any jurisdiction shall have been issued on the Closing Date and no proceedings for that purpose shall have been instituted or shall be contemplated.

(b) On or prior to the Closing Date the Initial Purchasers shall have received from Kelley Drye & Warren LLP such opinion or opinions with respect to the organization of the Company, the validity of the Debentures, the Conversion Shares, the Offering Memorandum and other related matters as the Initial Purchasers may request and Kelley Drye & Warren LLP shall have received such papers and information as they request to enable it to pass upon such matters.

(c) On the Closing Date the Initial Purchasers shall have received the favorable opinion of Rubin Baum Levin Constant & Friedman, counsel to the Company, dated the Closing Date, addressed to the Initial Purchasers and in form and substance satisfactory to the Initial Purchasers and Kelley Drye & Warren LLP, to the effect that:

i) (A) the Company and each of the Subsidiaries has been duly organized and the Company and each of the Subsidiaries is validly existing as a corporation, partnership or limited liability company, as the case may be, in good standing under the laws of its jurisdiction of formation, (B) the Company and each of the Significant Subsidiaries is duly qualified and in good standing as a foreign corporation (or, with respect to the Partnership, as a foreign partnership and with respect to the Limited Liability Company, as a foreign limited liability company) in each jurisdiction identified in a schedule to such opinion and (C) the Company and each of the Subsidiaries has all requisite power and authority to own or lease its properties and conduct its business as described in the Offering Memorandum;

ii) the Company's authorized capital stock is as set forth under the heading "Capitalization" in the Offering Memorandum, subject to such adjustments therein as are expressly contemplated by the Offering Memorandum; all of the outstanding shares of capital stock of each of the Subsidiaries are owned by the Company, directly or through one or more Subsidiaries, in each case free and clear of any liens, charges, claims, pledges, security interests or encumbrances of any kind whatsoever other than as disclosed in the Offering Memorandum;

iii) except as disclosed in the Offering Memorandum, to the best of such counsel's knowledge, neither the Company nor any of the Subsidiaries is a party to or bound by any instrument, agreement or other arrangement providing for it to issue any capital stock, rights, warrants, options or other securities of the Company or any of the Subsidiaries, except for this Agreement and as described in the Offering Memorandum, the Indenture, the Securities and all other securities issued or issuable by each of the Company or any of the Subsidiaries which are described in the Offering Memorandum conform, or when issued and paid for, will conform in all material respects to the descriptions thereof contained in the Offering Memorandum; all issued and outstanding capital stock of the Company or any of the Subsidiaries has been duly authorized and validly issued and is fully paid and non-assessable; to the best of such counsel's knowledge, none of such securities were issued in violation of the preemptive rights of any securityholder of the Company or any of the Subsidiaries or similar contractual rights granted by the Company or any of the Subsidiaries or applicable securities laws; the Debentures have been duly authorized and, when validly authenticated, issued, delivered and paid for by the Initial Purchasers in the manner contemplated by this Agreement, will be duly authorized, validly issued and outstanding obligations of the Company entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms, except to the extent that enforceability thereof may be limited by (1) bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally; or (2) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity); the Indenture conforms in all material respects to the description thereof set forth in the Offering Memorandum; the shares of Common Stock issuable upon conversion of the Debentures have been duly authorized and reserved for issuance upon conversion and, when issued, delivered and paid for in accordance with the terms of the Indenture, will be validly issued, fully paid and nonassessable; and the holders of outstanding securities of the Company are not entitled to any preemptive rights with respect to the Securities; all corporate action required to be taken for the authorization, issue and sale of the Securities has been duly and validly taken; and the certificates representing the Securities are in due and proper form; upon the issuance and delivery pursuant to this Agreement and the Indenture of the Debentures to be sold by the Company hereunder, the Initial Purchasers will acquire good and marketable title thereto free and clear of any pledge, lien, charge, claim, encumbrance, pledge, security interest or other restriction or equity of any kind whatsoever;

iv) the descriptions in the Offering Memorandum of agreements and documents to which the Company or any of the Subsidiaries is a party or by which any of them or their respective properties are bound, including any such agreement or document incorporated by reference into the Offering Memorandum, or of any statutes, are accurate in all material respects and fairly present the subject matter thereof; to the best of such counsel's knowledge, there is no action, arbitration, suit, or other proceeding pending or threatened in writing or any judgments outstanding against the Company or any of the Subsidiaries or involving the properties or business of the Company or any of the Subsidiaries which (A) questions the validity of the capital stock of the Company or any of the Subsidiaries or of this Agreement, the Indenture, the Registration Rights Agreement or of any action taken or to be taken by the Company or any of the Subsidiaries pursuant to or in connection with any of the foregoing or (B) except as disclosed in the Offering Memorandum, could have a Material Adverse Effect;

v) the Company has the corporate power and authority to execute, deliver and perform each of this Agreement, Indenture and the Registration Rights Agreement and to consummate the transactions provided for herein and therein; the execution and delivery of this Agreement, the Indenture and the Registration Rights Agreement have been duly authorized by all requisite corporate action on the part of the Company and each of this Agreement, the Indenture and the Registration Rights Agreement has been duly executed and delivered by the Company, and, assuming due authorization, execution and delivery by each other party thereto, constitutes a legal, valid and binding agreement of the Company enforceable against the Company in accordance with its terms; except to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and

(ii) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity) and except to the extent that rights to indemnification and contribution contained in this Agreement and the Registration Rights Agreement may be limited by federal or state securities laws or public policy relating thereto;

vi) the execution and delivery by the Company of this Agreement, the Indenture and the Registration Rights Agreement, the performance by the Company hereunder or thereunder, the compliance by the Company with the provisions thereof and the consummation of the transactions contemplated hereby and thereby, each in accordance with its terms, do not and will not conflict with or result in any breach or violation of, constitute a default under or result in the creation or imposition of any lien, charge, claim, pledge, security interest or other encumbrance upon any property or assets of the Company or the Subsidiaries pursuant to the terms of (A) the charter or by-laws of the Company or any of the Subsidiaries, (B) any license, contract, indenture, mortgage, deed of trust, voting trust agreement, stockholders' agreement, note, loan or credit agreement or other agreement or instrument known to such counsel to which the Company or any of the Subsidiaries is a party or by which any of them is or may be bound or to which any of their respective properties or assets is or may be subject, except for such conflicts, breaches, violations, defaults and creations or impositions which in the aggregate would not have a Material Adverse Effect, or (C) any statute, rule or regulation (other than federal or state securities laws) or, to the best of such counsel's knowledge, any judgment, decree or order applicable to the Company or any of the Subsidiaries of any arbitrator, court, regulatory body or administrative agency or other governmental agency or body having jurisdiction over the Company or any of the Subsidiaries or any of their respective activities or properties, except with respect to this clause (C) for such conflicts, breaches, violations, defaults and creations or impositions which in the aggregate would not have a Material Adverse Effect. Such counsel need express no opinion in this paragraph (vi) as to (A) state securities or Blue Sky laws or (B) with respect to matters of fact relating to compliance with any financial covenants, ratios or tests or any aspect of the financial condition or results of operations of the Company;

vii) to the knowledge of such counsel, the Company and the Subsidiaries are not in violation of their charters or by-laws; neither the Company nor any of the Subsidiaries is in breach of, or in default with respect to, any provisions of any license, contract, indenture, mortgage, deed of trust, voting trust agreement, stockholders' agreement, note, loan or credit agreement or other agreement or instrument known to such counsel to which the Company or any of the Subsidiaries is a party or by which any of them is or may be bound or to which any of their respective properties or assets is or may be subject, except for such breaches or defaults as would not have a Material Adverse Effect, and to the knowledge of such counsel, the Company and the Subsidiaries are in material compliance with all laws, rules and regulations and all judgments, decrees and orders of any judicial or governmental authority to which the Company or any of the Subsidiaries or by which any of them is or may be bound or to which any of their respective properties or assets is or may be subject, except for such noncompliance as would not have a Material Adverse Effect;

viii) no consent, approval, authorization or order of, and no filing with, any court, regulatory body, government agency or other body (other than such as may have been made or obtained and such as may be required under state securities or Blue Sky laws, as to which no opinion need be rendered) is required in connection with the issuance of the Securities as contemplated by the Offering Memorandum, the performance of this Agreement, the Indenture and the Registration Rights Agreement, and the transactions contemplated hereby and thereby; to the knowledge of such counsel, the Company and each of the Subsidiaries holds all licenses, certificates, permits, franchises, consents, authorizations and approvals from all state and federal regulatory authorities that are required for the Company and the Subsidiaries to conduct their business as described in the Offering Memorandum, except for such licenses, certificates, permits, franchises, consents, authorizations and approvals the loss of which or the failure to maintain would not have a Material Adverse Effect;

ix) the statements in the Offering Memorandum under the caption "Federal Income Tax Considerations" have been reviewed by such counsel, and insofar as they refer to statements of law, or descriptions of statutes, licenses, rules or regulations or legal conclusions, are correct in all material respects;

x) assuming the (A) accuracy of the representations, warranties and agreements of the Company contained in Sections 1(y) and (z) of this Agreement and of the Initial Purchasers in Section 2 of this Agreement and in the Purchase Letter, if any, and (B) the due performance by the Company of the agreements set forth in Section 4 of this Agreement and of the Initial Purchasers in Section 3 this Agreement, neither the registration of the Securities under the Securities Act, nor the qualification of the Indenture under the Trust Indenture Act with respect thereto is required for the offer, sale and initial resale of the Debentures in the manner contemplated by this Agreement and the Offering Memorandum, it being understood that such counsel need express no opinion as to any subsequent resale of any of the Securities; and

xi) the Company is not an "investment company," within the meaning of, is not registered or otherwise required to be registered under, and is not "controlled" by a company which is required to be registered under, the Investment Company Act of 1940, as amended;

xii) the Indenture conforms as to form in all material respects with the requirements of the Trust Indenture Act and the Rules and Regulations applicable to an Indenture qualified under the Trust Indenture Act.

In rendering such opinion, such counsel may rely: (A) as to matters involving the application of laws other than the laws of the United States and jurisdictions in which they are admitted, to the extent such counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance satisfactory to the Initial Purchasers and Kelley Drye & Warren LLP) of other counsel acceptable to the Initial Purchasers and Kelley Drye & Warren LLP, familiar with the applicable laws; and (B) as to matters of fact, to the extent they deem proper, on certificates and written statements of responsible officers of the Company and certificates or other written statements of officers of departments of various jurisdictions having custody of documents respecting the corporate existence or good standing of the Company and the Subsidiaries, provided, that copies of any such statements or certificates shall be delivered to the Initial Purchasers and Kelley Drye & Warren LLP, if requested. In addition, such counsel shall state in such opinion that they have conducted such investigation as they deem reasonable in support of the opinions referred to above and in satisfaction of their due diligence obligations to the Company. The opinion of such counsel for the Company shall state that the opinion of any such other counsel is in form satisfactory to such counsel and that the Initial Purchasers and they are justified in relying thereon.

(d) Rubin Baum Levin Constant & Friedman shall state in the opinion letter contemplated by Section 6(c) that such counsel has participated in conferences with officers and other representatives of each of the Company and the Subsidiaries and representatives of the independent public accountants for the Company and the Subsidiaries and the Initial Purchasers, at which conferences the contents of the Offering Memorandum and related matters were discussed, and, although such counsel is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Offering Memorandum, on the basis of the foregoing, no facts have come to the attention of such counsel which has lead them to believe that the Offering Memorandum, as of its date contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, except that such counsel need express no opinion or belief with respect to the financial statements and related notes, the pro forma financial information and other financial, statistical or accounting data included in the Offering Memorandum or excluded therefrom);

(e) On or prior to the Closing Date Kelley Drye & Warren LLP shall have been furnished such documents, certificates and opinions as they may reasonably require for the purpose of enabling them to review or pass upon the matters referred to in subsection (c) of this Section 6 or in order to evidence the accuracy, completeness or satisfaction of any of the representations, warranties or conditions of the Company herein contained.

(f) On and as of the Closing Date: (i) there shall have been no adverse change involving a prospective change in the condition, financial or otherwise, prospects, stockholders' equity or the business activities of the Company and the Subsidiaries taken as a whole, whether or not in the ordinary course of business, from the latest dates as of which such condition is set forth in the Offering Memorandum; (ii) there shall have been no transaction, not in the ordinary course of business, entered into by the Company or any of the Subsidiaries, from the latest date as of which the financial condition of the Company and the Subsidiaries is set forth in the Offering Memorandum which is materially adverse to the Company and the Subsidiaries taken as a whole; (iii) neither the Company nor any of the Subsidiaries shall be in default under any provision of any instrument relating to any material outstanding indebtedness; (iv) no material amount of the assets of the Company or any of the Subsidiaries shall have been pledged or mortgaged, except as set forth in the Offering Memorandum; (v) no action, suit or proceeding, at law or in equity, shall have been pending, threatened or, to the knowledge of the Company, contemplated against the Company or any of the Subsidiaries, or affecting any of their respective properties or businesses, before or by any court or federal, state or foreign commission, board or other administrative agency wherein an unfavorable decision, ruling or finding may have a Material Adverse Effect, except as set forth in the Offering Memorandum; and (vi) no stop order shall have been issued under the Securities Act and no proceedings therefor shall have been initiated or threatened or, to the knowledge of the Company, contemplated by the Commission or any state regulatory authority.

(g) On the Closing Date the Initial Purchasers shall have received a certificate of the Company signed by the principal executive officer and by the chief financial or chief accounting officer of the Company, in their capacities as such, dated the Closing Date, to the effect that each of such persons has carefully examined the Offering Memorandum, this Agreement, the Indenture and the Registration Rights Agreement, and that:

i) the representations and warranties of the Company in this Agreement, the Indenture and the Registration Rights Agreement are true and correct, as if made on and as of the Closing Date, and the Company has complied with all agreements and covenants and satisfied all conditions contained in this Agreement, the Indenture and the Registration Rights Agreement on its part to be performed or satisfied at or prior to the Closing Date;

ii) no stop order suspending the qualification or exemption from qualification of the Securities shall have been issued and no proceedings for that purpose shall have been commenced or, to the knowledge of the Company, be contemplated;

iii) since the date of the most recent financial statements included in the Offering Memorandum, there has been no material adverse change in the condition, financial or otherwise, business, prospects or results of operation of the Company and the Subsidiaries, taken as a whole, except as set forth in the Offering Memorandum;

iv) none of the Offering Memorandum or any amendment or supplement thereto includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

v) subsequent to the respective dates as of which information is given in the Offering Memorandum: (a) neither the Company nor any of the Subsidiaries has incurred up to and including the Closing Date other than in the ordinary course of its business, any material liabilities or obligations, direct or contingent, except as disclosed in the Offering Memorandum; (b) neither the Company nor any of the Subsidiaries has paid or declared any dividends or other distributions on its capital stock; (c) neither the Company nor any of the Subsidiaries has entered into any material transactions not in the ordinary course of business, except as disclosed in the Offering Memorandum; (d) there has not been any change in the capital stock (other than pursuant to the Company's Stock Option Plan, 1994 Outside Directors Stock Option Plan or 1994 Stock Repurchase Plan or upon conversion of the Existing Preferred or the exercise of warrants outstanding on such respective dates) or the long term debt of the Company or any of the Subsidiaries; (e) neither the Company nor any of the Subsidiaries has sustained

any material loss or damage to its property or assets, whether or not insured; (f) there is no litigation which is pending, threatened or, to the best of the Company's knowledge, contemplated against the Company, any of the Subsidiaries or any affiliated party of any of the foregoing which would have a Material Adverse Effect and which is required to be set forth in an amended or supplemented Offering Memorandum which has not been set forth; and (g) there has occurred no event which would be required to be set forth in an amended or supplemented prospectus if the Offering Memorandum were a prospectus included in a registration statement on Form S-3, which has not been set forth in an amendment or supplement to the Offering Memorandum.

(h) On or before the date hereof the Initial Purchasers shall have received a letter, dated such date, addressed to the Initial Purchasers in form and substance satisfactory in all respects to the Initial Purchasers and Kelley Drye & Warren LLP, from Arthur Andersen LLP:

i) confirming that they are independent certified public accountants with respect to the Company within the meaning of the Securities Act and the Exchange Act and the applicable Rules and Regulations;

ii) stating that it is their opinion that the consolidated financial statements and supporting schedules of the Company and the Subsidiaries included in the Offering Memorandum or incorporated by reference therein comply as to form in all material respects with the applicable accounting requirements of the Securities Act;

iii) stating that, on the basis of procedures which included a reading of the latest available unaudited interim consolidated financial statements of the Company and the Subsidiaries (with an indication of the date of the latest available unaudited interim consolidated financial statements of the Company and the Subsidiaries), a reading of the latest available minutes of the stockholders and board of directors and the various committees of the board of directors of each of the Company and the Subsidiaries, consultations with officers and other employees of each of the Company and the Subsidiaries responsible for financial and accounting matters and other procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in SAS No. 71, Interim Financial Information, nothing has come to their attention which would lead them to believe that (A) at September 30, 1996, there has been any change in the stockholder's equity or long-term debt of the Company, or any decrease in the stockholders' equity or net current assets or net assets of the Company, as compared with amounts shown in the December 31, 1995 balance sheet included in the Offering Memorandum, other than as set forth in or contemplated by the Offering Memorandum, or, if there was any change or decrease, setting forth the amount of such change or decrease, (B) during the period from January 1, 1996 to September 30, 1996, there was any decrease in net revenues or net earnings, or net earnings per common share of the Company, in each case as compared with the corresponding period beginning January 1, 1995, other than as set forth in or contemplated by the Offering Memorandum, or, if there was any such decrease, setting forth the amount of such decrease, (C) at a specified date not more than five (5) days prior to the later of the date of this Agreement or the Offering Memorandum, there has been any change in the stockholders' equity or long-term debt of the Company, or any decrease in the stockholders' equity or net current assets or net assets of the Company, as compared with amounts shown in the December 31, 1995 balance sheet included in the Offering Memorandum, other than as set forth in or contemplated by the Offering Memorandum, or, if there was any change or decrease, setting forth the amount of such change or decrease, and (D) during the period from January 1, 1996 to a specified date not more than five (5) days prior to the later of the date of this Agreement, there was any decrease in net revenues or net earnings or net earnings per common share of the Company, in each case as compared with the corresponding period beginning January 1, 1995, other than as set forth in or contemplated by the Offering Memorandum, or, if there was any such decrease, setting forth the amount of such decrease;

iv) stating that, (A) on the basis of a reading of unaudited pro forma combined balance sheet as of December 31, 1995 and the unaudited pro forma combined statements of operations for the year ended December 31, 1995 included in the Offering Memorandum and consultations with officers and other employees of the Company and the Subsidiaries who have responsibility for financial and accounting matters about the basis for such officers' and employees' determination of the pro forma adjustments and whether such unaudited pro forma combined financial statements comply as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X, nothing has come to their attention which would lead them to believe that the unaudited pro forma combined financial statements do not comply as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X and that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements and (B) they have proved the arithmetic accuracy of the application of the pro forma adjustments to the historical amounts in such unaudited pro forma combined financial statements;

v) stating that they have compared specific dollar amounts, numbers of shares, percentages of revenues and earnings, statements and/or other financial information pertaining to the Company and the Subsidiaries set forth in the Offering Memorandum in each case to the extent that such amounts, numbers, percentages, statements and information may be derived from the general accounting records, including work sheets, of the Company and/or the Subsidiaries and excluding any questions requiring an interpretation by legal counsel, with the results obtained from the application of specified readings, inquiries and other appropriate procedures (which procedures need not constitute an examination in accordance with generally accepted auditing standards) set forth in the letter and found them to be in agreement; and

vi) statements as to such other matters incident to the transaction contemplated hereby as the Initial Purchasers may reasonably request.

(i) On the Closing Date the Initial Purchasers shall have received from Arthur Andersen LLP a letter, dated as of the Closing Date to the effect that they reaffirm that statements made in the letter furnished pursuant to subsection (h) of this Section 6, except that the specified date referred to shall be a date not more than five (5) days prior to the Closing Date, to the further effect that they have carried out procedures as specified in clause (iii) of subsection (h) of this Section 6 with respect to certain amounts, percentages and financial information as specified by the Initial Purchasers and deemed to be a part of the Offering Memorandum and have found such amounts, percentages and financial information to be in agreement with the records specified in such clause (iii).

(j) On the Closing Date there shall have been duly tendered to the Initial Purchasers the appropriate principal amount of Debentures.

(k) The Debentures shall have been approved by the National Association of Securities Dealers, Inc. for trading in the PORTAL market.

(l) Trading in the Common Stock shall not have been suspended by the New York Stock Exchange at any time after November 30, 1996.

(m) Subsequent to the execution and delivery of this Agreement there shall not have occurred any of the following: (i) trading in securities generally on the New York Stock Exchange, the American Stock Exchange or the over-the-counter market shall have been suspended or limited, or minimum prices shall have been established on either of such exchanges or such market by the Commission, by such exchange or by any other regulatory body or governmental authority having jurisdiction, or trading in securities of the Company on any exchange or in the over-the-counter market shall have been suspended or (ii) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (iii) an outbreak or escalation of hostilities or a declaration by the United States of a national emergency or war or such a material adverse change in general economic, political or financial conditions (or the effect of international conditions on the financial markets in the United States shall be such) as to make

it, in the judgment of the Initial Purchasers, impracticable or inadvisable to proceed with the offering or the delivery of the Debentures on the terms and in the manner contemplated in the Offering Memorandum.

(n) The Company and the Initial Purchasers shall have executed and delivered the Registration Rights Agreement on the date of this Agreement.

(o) The Indenture shall have been duly executed and delivered by the Company and the Trustee, and the Debentures shall have been duly executed and delivered by the Company and authenticated by the Trustee.

(p) If any event shall have occurred that requires the Company under Section 4(c) hereof to prepare an amendment or supplement to the Offering Memorandum, such amendment or supplement shall have been prepared, the Initial Purchasers shall have been given a reasonable opportunity to comment thereon, and copies thereof delivered to the Initial Purchasers.

(q) There shall not have occurred any invalidation of Rule 144A under the Securities Act by any court or any withdrawal or proposed withdrawal of any rule or regulation under the Securities Act or the Exchange Act by the Commission or any amendment or proposed amendment thereof by the Commission which in the judgment of the Initial Purchasers would materially impair the ability of the Initial Purchasers to purchase, hold or effect resales of the Debentures as contemplated hereby.

(r) On or prior to the Closing Date the Initial Purchasers shall have received a certificate signed by the secretary of the Company, in his capacity as such, dated the Closing Date as to:

i) the absence of any contemplated proceeding for the merger, consolidation, liquidation or dissolution of the Company or any Subsidiary, as the case may be, or the sale of all or substantially all of its assets;

ii) the due adoption and full force and effect of the By-laws of the Company (with a copy of the By-laws attached);

iii) resolutions adopted by the Board of Directors of the Company and/or a committee thereof authorizing the Offering and the consummation of the transactions contemplated by this Agreement, the Indenture and the Registration Rights Agreement (with copies of such resolutions attached); and

iv) the incumbency, authorization and signatures of certain officers and directors of the company including all those signing this Agreement, the Indenture, the Registration Rights Agreement and/or any certificate delivered at Closing.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to the Initial Purchasers.

If any condition to the Initial Purchasers' obligations hereunder to be fulfilled prior to or at the Closing Date is not so fulfilled, the Initial Purchasers may terminate this Agreement or, if the Initial Purchasers so elect, they may waive any such conditions which have not been fulfilled or extend the time for their fulfillment.

7. INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless the Initial Purchasers (for purposes of this Section 7, "Initial Purchasers" shall include the officers, directors, partners, employees and agents, and each person, if any, who controls either of the Initial Purchasers ("controlling person") within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act, from and against any and all losses, claims, damages, expenses

or liabilities, joint or several (and actions, proceedings, suits and litigation in respect thereof), whatsoever, as the same are incurred, to which the Initial Purchasers or any such controlling person may become subject, under the Securities Act, the Exchange Act or any other statute or at common law or otherwise insofar as such losses, claims, damages, expenses or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Offering Memorandum or the Offering Memorandum (as from time to time amended and supplemented) or arise out of or are based upon the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made, not misleading; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, expense or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Memorandum or the Offering Memorandum or any such amendment or supplement in reliance upon and in conformity with Initial Purchasers Information and provided, further, that the Company shall not be liable to the Initial Purchasers under the indemnity agreement in this subsection (a) (i) with respect to any Preliminary Offering Memorandum to the extent that any such loss, liability, claim, damage or expense of the Initial Purchasers arises out of a sale of the Debentures by such Initial Purchaser to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Offering Memorandum (or of the Offering Memorandum as then amended or supplemented) if the Company has previously furnished sufficient copies thereof to the Initial Purchasers a reasonable time in advance and the loss, liability, claim, damage or expense of such Initial Purchaser results from an untrue statement or alleged untrue statement or omission or alleged omission of a material fact contained in the Preliminary Offering Memorandum which was corrected in the Offering Memorandum (or the Offering Memorandum as amended or supplemented) or (ii) to the extent that any such loss, claim, damage, expense or liability arises out of or is based upon any action or failure to act by the Initial Purchasers, that is found in a final judicial determination (or a settlement tantamount thereto) to constitute bad faith, willful misconduct or gross negligence on the part of the Initial Purchasers. The indemnity agreement in this subsection (a) shall be in addition to any liability which the Company may have at common law or otherwise.

(b) The Initial Purchasers agree severally and not jointly to indemnify and hold harmless the Company, each of its directors, each of its officers, and each other person, if any, who controls the Company within the meaning of the Securities Act, to the same extent as the foregoing indemnity from the Company to the Initial Purchasers, but only with respect to statements or omissions made in conformity with the Initial Purchasers Information in any Preliminary Offering Memorandum or the Offering Memorandum or any amendment thereof or supplement thereto.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, suit or proceeding, such indemnified party shall, if a claim in respect thereof is to be made against one or more indemnifying parties under this Section 7, notify each party against whom indemnification is to be sought in writing of the commencement thereof (but the failure to notify an indemnifying party shall not relieve it from any liability which it may have under Sections 7(a) or (b) unless and to the extent that it has been prejudiced in a material respect by such failure or from the forfeiture of substantial rights and defenses). In case any such action, suit or proceeding is brought against any indemnified party, and it notifies an indemnifying party or parties of the commencement thereof, the indemnifying party or parties will be entitled to participate therein, and to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party, which may be the same counsel as counsel to the indemnifying party. Notwithstanding the foregoing, the indemnified party or parties shall have the right to employ its or their own counsel in any such case but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by the indemnifying parties in connection with the defense of such action at the expense of the indemnifying party, (ii) the indemnifying parties shall not have employed counsel reasonably satisfactory to such indemnified party to take charge of the defense of such action within a reasonable time after notice of commencement of the action or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to one or all of the indemnifying parties (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses of one additional counsel shall be borne by the indemnifying parties. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related

actions in the same jurisdiction arising out of the same general allegations or circumstances. Anything in this Section 7 to the contrary notwithstanding, an indemnifying party shall not be liable for any settlement of any claim or action effected without its written consent.

(d) In order to provide for just and equitable contribution in any case in which (i) an indemnified party makes claim for indemnification pursuant to this Section 7, but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that the express provisions of this Section 7 provide for indemnification in such case, or (ii) contribution under the Securities Act may be required, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid as a result of such losses, claims, damages, expenses or liabilities (or actions, suits, proceedings or litigation in respect thereof) (A) in such proportion as is appropriate to reflect the relative benefits received by each of the contributing parties, on the one hand, and the party to be indemnified on the other hand, from the offering of the Securities or (B) if the allocation provided by clause (A) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of each of the contributing parties, on the one hand, and the party to be indemnified, on the other hand, in connection with the statements or omissions that resulted in such losses, claims, damages, expenses or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Initial Purchasers, on the other, shall be deemed to be in the same proportion as the total net proceeds from the offering of the Debentures (before deducting expenses) bear to the total discounts received by the Initial Purchasers hereunder, in each case as set forth in the table on the Cover Page of the Offering Memorandum. Relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Initial Purchasers, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, expenses or liabilities (or actions, suits, proceedings or litigation in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating, preparing or defending any such action, claim, suit, proceeding or litigation. Notwithstanding the provisions of this subsection (d), the Initial Purchasers shall not be required to contribute any amount in excess of the discount applicable to the Debentures purchased by the Initial Purchasers hereunder. No person guilty of fraudulent misrepresentation (within the meaning of Section 12(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 7, each person, if any, who controls the Company within the meaning of the Securities Act, each executive officer of the Company and each director of the Company shall have the same rights to contribution as the Company, subject in each case to this subsection (d). Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit, proceeding or litigation against such party in respect to which a claim for contribution may be made against another party or parties under this subsection (d), notify such party or parties from whom contribution may be sought, but the omission so to notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any obligation it or they may have hereunder or otherwise than under this subsection (d), or to the extent that such party or parties were not adversely affected by such omission. The contribution agreement set forth above shall be in addition to any liabilities which any indemnifying party may have at common law or otherwise.

8. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements contained in this Agreement or contained in certificates of officers of the Company submitted pursuant hereto shall be deemed to be representations, warranties and agreements at the Closing Date, and the agreements of the Company and the provisions with respect to the payment of expenses contained in Sections 5 and 9 and the respective indemnity agreements contained in Section 7 hereof shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Initial Purchasers, the Company, any of the Subsidiaries or any controlling person, and shall survive termination of this Agreement or the issuance and delivery of the Debentures to the Initial Purchasers.

9. TERMINATION.

(a) Subject to subsection (b) of this Section 9, the Initial Purchasers shall have the right to terminate this Agreement (i) if any domestic or international event or act or occurrence has disrupted, or in the Initial Purchasers' opinion will in the immediate future disrupt the financial markets, or (ii) if any material adverse change in the financial markets shall have occurred or (iii) if trading on the New York Stock Exchange, the American Stock Exchange or in the over-the-counter market shall have been suspended, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required on the over-the-counter market by the NASD or by order of the Commission or any other government authority having jurisdiction; or (iv) if the United States shall have become involved in a war or major hostilities, or there shall have been an escalation in an existing war or major hostilities, or a national emergency shall have been declared in the United States; or (v) if a banking moratorium has been declared by a state or federal authority; or (vi) if a moratorium in foreign exchange trading has been declared; or (vii) if the Company or any of the Subsidiaries shall have sustained a loss material or substantial to the Company or any of the Subsidiaries by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in the Initial Purchasers' opinion, make it inadvisable to proceed with the delivery of the Securities; or (viii) if there shall have been such a material adverse change in the general market, political or economic conditions in the United States or elsewhere, as in the Initial Purchasers' judgment would make it inadvisable to proceed with the offering, sale and/or delivery of the Debentures.

(b) If this Agreement is terminated by the Initial Purchasers in accordance with the provisions of Section 9(a) due to any events or circumstances specifically applicable to the Company (as opposed to events or circumstances having a general effect upon market, political or economic conditions) or if this Agreement shall not be carried out within the time specified herein, or any extension thereof granted to the Initial Purchasers, by reason of any failure on the part of the Company to perform any undertaking or satisfy any condition of this Agreement by it to be performed or satisfied (including, without limitation, pursuant to Section 6, 9 or 10 hereof), then the Company shall promptly reimburse and indemnify the Initial Purchasers for all of their out-of-pocket expenses, including the fees and disbursements of counsel for the Initial Purchasers (less amounts previously paid pursuant to Section 5). If the amount previously paid pursuant to Section 5(a) above exceeds the Initial Purchasers' out-of-pocket expenses, the Initial Purchasers shall refund such excess to the Company. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement (including, without limitation, pursuant to Sections 6, 9 and 10 hereof), and whether or not this Agreement is otherwise carried out, the provisions of Section 5 and Section 7 shall not be in any way affected by such election or termination or failure to carry out the terms of this Agreement or any part hereof.

10. DEFAULT BY THE COMPANY. If the Company shall fail at the Closing Date to sell and deliver the number of Securities which it is obligated to sell hereunder on such date, then this Agreement shall terminate without any liability on the part of any non-defaulting party other than pursuant to Sections 5, 7 and 9 hereof. No action taken pursuant to this Section 10 shall relieve the Company from liability, if any, in respect of such default.

11. NOTICES. All notices and communications hereunder, except as herein otherwise specifically provided, shall be given in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Initial Purchasers shall be directed to it at Forum Capital Markets L.P., 53 Forest Avenue, Old Greenwich, Connecticut 06870, Attention: Mr. C. Keith Hartley, with a copy to Kelley Drye & Warren LLP, Two Stamford Plaza, 281 Tresser Boulevard, Stamford, Connecticut 06901, Attention: Jay R. Schifferli, Esq. Notices to the Company shall be directed to the Company at 500 Throckmorton Street, Fort Worth, Texas 76102, Attention: President, with a copy to Ruben Baum Levin Constant & Friedman, 30 Rockefeller Plaza, New York, New York 10112, Attention: Walter M. Epstein, Esq.

12. PARTIES. This Agreement shall inure solely to the benefit of and shall be binding upon the Initial Purchasers, the Company and the controlling persons, directors and officers referred to in Section 7 hereof, and their respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provisions herein

contained. No purchaser of Debentures from the Initial Purchasers shall be deemed to be a successor by reason merely of such purchase.

13. CONSTRUCTION. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York without giving effect to choice of law or conflict of laws principles.

14. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which taken together shall be deemed to be one and the same instrument.

15. ENTIRE AGREEMENT; AMENDMENTS. This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior written or oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may not be amended except in a writing signed by the Initial Purchasers and the Company.

If the foregoing correctly sets forth the understanding between the Initial Purchasers and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement among us.

Very truly yours,

LOMAK PETROLEUM, INC.

By: _____

Name:
Title:

Confirmed and accepted as of
the date first above written.

FORUM CAPITAL MARKETS L.P.

By: _____

Name: Michael F. McNulty
Title: Managing Director

MCDONALD & COMPANY SECURITIES, INC.

By: _____

Name: Michael F. McNulty
Title: Attorney-in-fact

MORGAN KEEGAN & COMPANY, INC.

By: _____

Name: Michael F. McNulty
Title: Attorney-in-fact

SCHEDULE A

Name ----	Principal Amount of Debentures -----
Forum Capital Markets L.P.	\$36,800,000
McDonald & Company Securities, Inc.	9,100,000
Morgan Keegan & Company, Inc.	9,100,000

Total	\$55,000,000

ANNEX I
Subsidiaries

Name -----	State of Formation -----	Ownership Percentage -----	Jurisdictions in which Qualified to Conduct Business -----
Lomak Operating Company*	Ohio	100%	Alabama Michigan Mississippi New York Ohio Pennsylvania Utah West Virginia
Lomak Resources Company*	Delaware	100%	Delaware Ohio Pennsylvania Oklahoma
Lomak Production Company*	Delaware	100%	Alabama Delaware Louisiana Michigan Mississippi Oklahoma Texas Utah
Buffalo Oilfield Services, Inc.	Ohio	100%	Ohio Pennsylvania
Lomak Energy Services Company**	Delaware	100%	Delaware Texas Ohio Oklahoma
Talon Trucking Company	Oklahoma	100%	Oklahoma
Lomak Resources, L.L.C.*	Oklahoma	100%	Oklahoma Pennsylvania
Lomak Production I, L.P.*	Texas	100%	Texas
Lomak Energy Company	Delaware	100%	Delaware
Eastern Petroleum Company*	Ohio	100%	Ohio Pennsylvania
LPI Operating Company	Ohio	100%	Ohio
LPI Acquisition Inc.	Texas	100%	Texas
Latoka Holdings Inc.	Texas	100%	Texas

* Denotes the Significant Subsidiaries

** Formerly known as Border Resources Inc.

ANNEX II

(1)

Plan Sponsor - Lomak Petroleum, Inc.
Name of Plan - Lomak Petroleum, Inc. 401(k) Plan
Type of Plan - Pension benefit plan
Employer identification number - 34-1312571
Plan year January 1 to December 31

(2)

Plan Sponsor - Lomak Petroleum, Inc.
Name of Plan - Profit Sharing 401(k) Plan
Type of Plan - Pension benefit plan
Employer identification number - 34-1312571
Plan year January 1 to December 31

(3)

Plan Sponsor - Lomak Petroleum, Inc.
Name of Plan - Welfare Plan
Type of Plan - Welfare benefit plan
Employer identification number - 34-1312571
Plan year July 1 to June 30

LOMAK PETROLEUM, INC.,

Company

and

KEYCORP SHAREHOLDER SERVICES, INC.,

Trustee

INDENTURE

Dated as of December 20, 1996

=====

\$55,000,000

6% Convertible Subordinated Debentures Due 2007

INDENTURE dated as of December 20, 1996, between Lomak Petroleum, Inc., a Delaware corporation, and Keycorp Shareholder Services, Inc., as trustee.

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the registered holders of the Company's 6% Convertible Subordinated Debentures due February 1, 2007 (the "Debentures"):

ARTICLE 1.

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1 DEFINITIONS.

"AFFILIATE" of a Person means (i) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified Person. For the purpose of this definition, "control" of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting securities, by contract or otherwise, and "CONTROLLING" or "CONTROLLED" have corresponding meanings.

"AGENT" means any Registrar, Paying Agent or Conversion Agent.

"BOARD OF DIRECTORS" means the Board of Directors of the Company or any duly authorized committee thereof, except that, for purposes of the definitions of "CHANGE OF CONTROL," and "CONTINUING DIRECTORS," "BOARD OF DIRECTORS" means the Board of Directors of the Company.

"BUSINESS DAY" means any day other than a Saturday, Sunday or other day on which banking institutions in the city of New York, New York are required or authorized by law or other governmental action to be closed.

"CAPITAL STOCK" of any Person means the Common Stock or Preferred Stock of such Person. Unless otherwise stated herein or the context otherwise requires, "CAPITAL STOCK" means Capital Stock of the Company.

"CHANGE OF CONTROL" means the occurrence of any of the following events after the date of this Indenture: (i) any Person (including, without limitation, any "person" or "group" within the meaning of Section 13(d) or 14(d) of the Exchange Act) becomes the direct or indirect beneficial owner of shares of all Capital Stock representing greater than 50% of the combined voting power of all outstanding shares of Capital Stock entitled to vote in the election of directors under ordinary circumstances; (ii) the Company consolidates with or merges into any other Person and the outstanding Common Stock is changed or exchanged as a result, (iii) sale, transfer or other disposition of a majority of the assets of the Company or of the collective assets of the Company

and the Subsidiaries, (iv) at any time Continuing Directors cease to constitute a majority of the Board of Directors then in office; or (v) on any day the Company makes any distribution of cash, Property or securities (other than regular quarterly dividends, Common Stock, Preferred Stock which is substantially equivalent to Common Stock or rights to acquire Common Stock or Preferred Stock which is substantially equivalent to the Common Stock) to holders of Common Stock, or the Company or any of its Subsidiaries purchases or otherwise acquires Common Stock, and the sum of the Fair Market Value of such cash, Property or securities distributed or Common Stock purchased on the date the same is made, plus the Fair Market Value, when made, of all other cash, Property or securities so distributed or Common Stock so purchased which have occurred during the 12-month period ending on such date, in each case expressed as a percentage of the aggregate Current Market Price of all the shares of Common Stock outstanding at the close of business on the last Trading Day prior to the date of such distribution or purchase, exceeds 50%. Notwithstanding the foregoing, "Change of Control" under clause (ii) above does not include any transaction or series of related transactions in which 85% or more of the consideration received by the Holders (assuming conversion of the Debentures immediately after such transaction) consists of common stock that is listed on a national securities exchange or approved for quotation on the Nasdaq National Market.

"COMMON STOCK" of any Person other than the Company means the common equity (however designated), including, without limitation, common stock or partnership or membership interests of, or participations or interests in such Person (or equivalents thereof). "COMMON STOCK" of the Company means the Common Stock, par value \$.01 per share, of the Company, any successor class or classes of common equity (however designated) of the Company into or for which such Common Stock may hereafter be converted, exchanged or reclassified and any class or classes of common equity (however designated) of the Company which may be distributed or issued with respect to such Common Stock or successor class of classes to holders thereof generally. Unless otherwise stated herein or the context requires otherwise, "COMMON STOCK" means Common Stock of the Company.

"COMPANY" means Lomak Petroleum, Inc., a Delaware corporation, until a successor replaces it in accordance with the applicable provisions of this Indenture and, thereafter, "COMPANY" shall mean such successor.

"CONTINUING DIRECTORS" means any member of the Board of Directors who (i) is a member of the Board of Directors on the date hereof or (ii) was nominated for election or elected to the Board of Directors with the affirmative vote of at least two-thirds of such members and members of the Board of Directors who were previously so nominated or elected.

"CURRENT MARKET PRICE" means, when used with respect to any security as of any date, the last sale price, regular way, or, in case no such sale takes place on such date, the average of the closing bid and asked prices, regular way, of such security in either case as reported for consolidated transactions on the New York Stock Exchange or, if such security is not listed or admitted to trading on the New York Stock Exchange, as reported for consolidated transactions with respect to securities listed on the principal national securities exchange on which such

security is listed or admitted to trading or, if such security is not listed or admitted to trading on any national securities exchange, as reported on the Nasdaq National Market, or, if such security is not listed or admitted to trading on the Nasdaq National Market, as reported on the Nasdaq SmallCap Market, or if such security is not listed or admitted to trading on any national securities exchange or the Nasdaq National Market or the Nasdaq SmallCap Market, the average of the high bid and low asked prices of such security in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. Automated Quotations System or such other system then in use or, if such security is not quoted by any such organization, the average of the closing bid and asked prices of such security furnished by a New York Stock Exchange member firm selected by the Company. If such security is not quoted by any such organization and no such New York Stock Exchange member firm is able to provide such prices, the Current Market Price of such security shall be the Fair Market Value thereof.

"DEFAULT" means any event which is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"DEPOSITARY" means, with respect to the Debentures issued in global form, the Trustee and any successor entity thereto or such other Person as appointed by the Company from time to time in accordance with the provisions of this Indenture.

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

"FAIR MARKET VALUE" means, at any date as to any asset, Property or right (including, without limitation, Capital Stock of any Person, evidences of indebtedness or other securities, but excluding cash), the fair market value of such item as determined in good faith by the Board of Directors, whose determination shall be conclusive; provided, however, that such determination is described in an Officers' Certificate filed with the Trustee and that, if there is a Current Market Price for such item on such date, "FAIR MARKET VALUE" means such Current Market Price (without giving effect to the last sentence of the definition thereof).

"GAAP" means, as of any date, generally accepted accounting principles in the United States and does not include any interpretations or regulations that have been proposed but that have not become effective.

"HOLDER" means a Person in whose name a Debenture is registered on the Register.

"INDENTURE" means this Indenture, as amended or supplemented from time to time.

"INTEREST PAYMENT DATE" means February 1 and August 1 of each year, commencing February 1, 1997.

"JUNIOR SECURITIES" means (a) shares of any and all classes of Capital Stock and (b) securities of the Company which are subordinated in right of payment to Senior Indebtedness at

the time of issuance or delivery of such securities to substantially the same extent as, or to a greater extent than, the Debentures are so subordinated as provided in Article 11.

"OFFICER" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary, any Assistant Secretary or any Vice President of such Person.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers, one of whom must be the Chairman of the Board, the President, the Treasurer or a Vice-President of the Company, that meets the requirements of Sections 13.3 and 13.4; provided, however, that for purposes of Section 4.8, "Officers' Certificate" means a certificate signed by the principal executive officer, principal financial officer or principal accounting officer of the Company.

"OPINION OF COUNSEL" means a written opinion from legal counsel who is reasonably acceptable to the Trustee and that meets the requirements of Sections 13.3 and 13.4. The counsel may be an employee of or counsel to the Company or to the Trustee.

"PERSON" means any individual, corporation, partnership, association, trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

"PREFERRED STOCK" of any Person means the class or classes of equity, ownership or participation interests (however designated) in such Person, including, without limitation, stock, share, partnership and membership interests, which are preferred as to the payment of dividends or distributions by, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of, such Person (or equivalents thereof) over interests of any other class of interests of such Person. Unless otherwise stated herein or the context otherwise requires, "PREFERRED STOCK" means Preferred Stock of the Company.

"PRINCIPAL" of a debt security means the principal of the security plus the premium, if any, on the security. "PRINCIPAL" shall include, with respect to the Debentures, the redemption price, if any, payable thereon.

"PROPERTY" of any Person means any and all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included on the most recent consolidated balance sheet of such Person in accordance with GAAP.

"REPRESENTATIVE" means the indenture trustee or other trustee, agent or representative for an issue of Senior Indebtedness.

"SEC" means the Securities and Exchange Commission.

"SECURITIES ACT" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"SENIOR INDEBTEDNESS" means the principal of (and premium, if any) and accrued interest on (a) indebtedness of the Company (including indebtedness of other Persons guaranteed by the Company), other than the Debentures, outstanding on the date of this Indenture which is (i) for money borrowed or (ii) evidenced by a note, debenture or similar instrument given in connection with the acquisition of any business, Property or assets, (b) obligations of the Company, whether outstanding on the date of this Indenture or thereafter created, incurred or assumed, as lessee under leases required to be capitalized on the balance sheet of the lessee under GAAP and leases of Property or assets made as part of any sale and leaseback transaction to which the Company is a party, (c) amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation and (d) indebtedness of the Company (including indebtedness of other Persons guaranteed by the Company) created, incurred or assumed after the date of this Indenture which is (i) for money borrowed or (ii) evidenced by a note, debenture or similar instrument (other than indebtedness which by its terms is convertible or exchangeable into Capital Stock) and amendments, renewals, extensions, modifications and refundings thereof, if the instrument creating or evidencing such indebtedness provides by its terms that such indebtedness is senior in right of payment to the Debentures; PROVIDED, HOWEVER, that indebtedness of the Company (including indebtedness of other Persons guaranteed by the Company) created, incurred or assumed after the date of this Indenture which is (i) for money borrowed or (ii) evidenced by a note, debenture or similar instrument and which by its terms is convertible or exchangeable into Capital Stock (including, without limitation, if issued pursuant to the terms of the Company's \$2.03 Convertible Exchangeable Preferred Stock, the Company's 8.125% Convertible Subordinated Notes due 2005), and amendments, renewals, extensions, modifications and refundings thereof, will rank PARI PASSU with the Debentures, unless the instruments creating or evidencing such indebtedness provide by their terms that such indebtedness is junior in right of payment to the Debentures. "SENIOR INDEBTEDNESS" shall include any compensation owed to hourly employees of the Company in the ordinary course of business, but shall not include other indebtedness or amounts owed (except to banks or other financial institutions) for compensation to non-hourly employees, for goods or materials purchased or services utilized, in the ordinary course of business of the Company or of any other Person from whom such indebtedness or amount was assumed or for whom such indebtedness was guaranteed.

"SUBSIDIARY" of a Person on any date means any other Person, a majority of whose Capital Stock with voting power, under ordinary circumstances, entitling holders of such Capital Stock to elect the board of directors or other governing body of such other Person, is at such date, directly or indirectly, owned by such Person and/or a Subsidiary or Subsidiaries of such Person. Unless otherwise stated herein or the context otherwise requires, "SUBSIDIARY" means a Subsidiary of the Company.

"TIA" or "TRUST INDENTURE ACT OF 1939" means the Trust Indenture Act of 1939 (U.S. Code section 77aaaa-77bbbb) as amended and as in effect on the date of this Indenture; provided,

however, that if the TIA is amended after such date, "TIA" or "TRUST INDENTURE ACT OF 1939" means, to the extent required by any such amendments, the TIA as so amended.

"TRADING DAY" means (i) if the applicable security is listed or admitted for trading on a national security exchange, a day on which such exchange is open for business, (ii) if the applicable security is quoted on the Nasdaq National Market, a day on which trades may be made thereon or (iii) if the applicable security is not so listed, admitted for trading or quoted, any Business Day.

"TRUSTEE" means the party identified in the title of this Indenture as trustee until a successor replaces it in accordance with the applicable provisions of this Indenture and, thereafter, "TRUSTEE" means such successor.

"TRUST OFFICER" means any officer or corporate trust officer or assistant corporate trust officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"U.S. GOVERNMENT OBLIGATIONS" means non-callable (i) direct obligations (or certificates representing an ownership interest in such obligations) of the United States for which its full faith and credit are pledged and (ii) obligations of a Person controlled or supervised by, and acting as an agency or instrumentality of, the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States.

SECTION 1.2 OTHER DEFINITIONS.

TERM -----	DEFINED IN SECTION -----
"Agent Members".....	2.1
"Aggregate Consideration".....	10.4
"Bankruptcy Law".....	6.1
"Change of Control Date".....	4.6
"Change of Control Notice".....	4.6
"Change of Control Offer".....	4.6
"Change of Control Payment".....	4.6
"Change of Control Payment Date".....	4.6
"Code".....	10.4
"Conversion Agent".....	2.3
"Conversion Price".....	10.1
"Custodian".....	6.1
"Definitive Securities".....	2.1
"DTC".....	10.4
"Equity Securities".....	10.4
"Event of Default".....	6.1

"Expiration Time".....	10.4
"Global Security".....	2.1
"Notice of Default".....	6.1
"Paying Agent".....	2.3
"Purchase Agreement".....	2.1
"Purchased Shares".....	10.4
"Register".....	2.3
"Registrar".....	2.3
"Rule 144A".....	2.1
"Significant Subsidiary".....	6.1
"Trigger Event".....	10.4

SECTION 1.3 INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT.

This Indenture is subject to the mandatory provisions of the TIA, which are incorporated by reference in and made a part of this Indenture. Such provisions shall apply to this Indenture at all times, notwithstanding that at any time or from time to time this Indenture is not required to be qualified under the TIA.

The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC;

"indenture securities" means the Debentures;

"indenture security holder" means a Holder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the Debentures means the Company and any successor obligor on the Debentures.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA and not otherwise defined herein have the meanings so assigned to them.

SECTION 1.4 RULES OF CONSTRUCTION.

Unless the context otherwise requires or unless otherwise stated herein:

- (1) a term has the meaning assigned to it;

- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) "or" is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular;
- (5) references to sections of or rules under the Securities Act, the Exchange Act or the TIA shall be deemed to include substitute, replacement or successor sections or rules;
- (6) references to Sections or Articles mean Sections or Articles of this Indenture; and
- (7) solely for purposes of this Indenture and the Debentures, a determination, approval or other action by the Board of Directors shall not be deemed to have been made, given or taken unless it is set forth in a written resolution or resolutions (or comparable written instrument) duly adopted thereby.

ARTICLE 2.

THE DEBENTURES

SECTION 2.1 FORM AND DATING.

The Debentures and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A which is hereby incorporated in and expressly made a part of this Indenture. The Debentures may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Company). Each Debenture shall be dated the date of its authentication. The terms of the Debentures set forth in Exhibit A are part of the terms of this Indenture. The Debentures are general unsecured obligations of the Company limited to \$55,000,000 in the aggregate principal amount, subject to Section 2.7.

(a) GLOBAL SECURITIES. The Debentures are being offered and sold by the Company pursuant to a Purchase Agreement, dated concurrently herewith, among the Company, Forum Capital Markets L.P., McDonald & Company Securities, Inc. and Morgan Keegan & Company, Inc. (the "Purchase Agreement").

Debentures offered and sold to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act "Rule 144A") in reliance on Rule 144A as provided in the Purchase

Agreement, shall be issued initially in the form of one or more permanent global securities in definitive, fully registered form without interest coupons and with the Global Securities Legend and, unless removed in accordance with Section 2.6(g), the Restricted Securities Legend set forth in Exhibit A hereto (each, a "Global Security"), which shall be deposited on behalf of the purchasers of the Debentures represented thereby with the Trustee, at its New York office, as custodian for the Depository, and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided.

(b) BOOK-ENTRY PROVISIONS. This Section 2.1(b) shall apply only to any Global Security deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.1(b), authenticate and deliver initially one or more Global Securities that (i) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of the Depository and (ii) shall be delivered by the Trustee to the Depository or pursuant to the Depository's instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as the custodian of the Depository or under such Global Security, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of the Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(c) CERTIFICATED SECURITIES. Except as provided in Section 2.10, owners of beneficial interests in Global Securities will not be entitled to receive physical delivery of certificated Debentures. Debentures offered and sold to Persons who are not "qualified institutional buyers" shall be issued in certificated Debentures in definitive, fully registered form without interest coupons, with the Restricted Securities Legend and, if such Person is an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), the Institutional Accredited Investor Legend, but without the Schedule of Exchanges of Global Security for Definitive Securities, set forth in Exhibit A hereto ("Definitive Securities"); provided, however, that upon transfer of such Definitive Securities to a "qualified institutional buyer," such Definitive Securities will, unless the Global Security has previously been exchanged, be exchanged for an interest in a Global Security pursuant to the provisions of Section 2.6.

After a transfer of any Debentures during the period of the effectiveness of a registration statement under the Securities Act with respect to the Debentures, all requirements pertaining to legends on such Debentures will cease to apply, the requirements requiring any such Debentures issued to certain Holders be issued in global form will cease to apply, and a certificated Debenture without legends will be available to the transferee of the Holder of such Debentures upon exchange of such transferring Holder's certificated Debentures or directions to transfer such Holder's interest in the Global Security, as applicable.

SECTION 2.2 EXECUTION AND AUTHENTICATION.

Two Officers shall sign the Debentures for the Company by manual or facsimile signature. The Company's seal shall be reproduced on the Debentures and may be in facsimile form.

Any Debenture bearing the manual or facsimile signature of an individual shall be valid notwithstanding that such individual ceased to be an Officer prior to authentication of the Debenture or ceased to hold the office of Company ascribed to such individual on the Debenture.

A Debenture shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Debenture has been authenticated under this Indenture.

The Trustee shall authenticate Debentures for original issue up to the aggregate principal amount stated in Paragraph 4 of the Debentures, upon delivery of (i) a written order of the Company signed by an Officer directing the Trustee to authenticate the Debentures and (ii) an Officers' Certificate certifying that all conditions precedent to the issuance of the Debentures contained herein have been complied with. The aggregate principal amount of Debentures outstanding at any time may not exceed such amount, except as provided in Section 2.7.

The Trustee may appoint an authenticating agent upon the approval and at the expense of the Company to authenticate Debentures. Unless limited by the terms of such appointment, an authenticating agent shall be authorized to authenticate Debentures at such times and upon such conditions as the Trustee is so authorized. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent.

SECTION 2.3 REGISTRAR, PAYING AGENT AND CONVERSION AGENT.

The Company shall maintain in the City of New York, New York an office or agency where Debentures may be presented for registration of transfer or for exchange (the "REGISTRAR"), an office or agency where Debentures may be presented for payment (the "PAYING AGENT") and an office or agency where the Debentures may be presented for conversion (the "CONVERSION AGENT"). The Registrar shall keep a register of the Debentures (the "REGISTER") and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more

additional paying agents upon the reasonable approval of the other Registrar or Registrars or Paying Agent or Paying Agents, as the case may be, and at the expense of the Company. The term "REGISTRAR" includes any co-registrar or co-registrars and the term "PAYING AGENT" includes any additional paying agent or paying agents. The Company may change any Paying Agent, Conversion Agent or Registrar without notice to any Holder. The Company shall promptly notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. The Company or any Subsidiary may act as Paying Agent (except for purposes specified in Sections 2.8 and 4.1), Conversion Agent or Registrar. If the Company fails to appoint or maintain itself or another Person as Registrar, Conversion Agent or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.7.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any such Agent.

The Company initially appoints the office of the Trustee at 127 Public Square, 15th Floor, Cleveland, Ohio, 44114-1306, and through it the offices of its agent, Society Trust Company of New York, 5 Hanover Square, 10th Floor, New York, New York 10004, as the offices or agencies for each of the purposes designated in this Section 2.3 to act as Registrar, Paying Agent and Conversion Agent with respect to the Debentures.

SECTION 2.4 PAYING AGENT TO HOLD MONEY IN TRUST.

The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of Principal or repurchase price, if any, of or interest on the Debentures, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee and account for any money disbursed by it. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and account for any money disbursed by it. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary of the Company) shall have no further liability for the money delivered to the Trustee. If the Company or an Affiliate of the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Debentures.

SECTION 2.5 HOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the

Company shall furnish to the Trustee at least ten Business Days before each Interest Payment Date, and at such other times as the Trustee may request in writing within five Business Days after such request, a list in such form and as of such date as the Trustee may reasonably require, and upon which the Trustee may conclusively rely, of the names and addresses of, and principal amount of Debentures held by, the Holders.

SECTION 2.6 TRANSFER AND EXCHANGE.

(a) TRANSFER AND EXCHANGE OF DEFINITIVE SECURITIES. When Definitive Securities are presented to the Registrar with the request:

- (x) to register the transfer of the Definitive Securities; or
- (y) to exchange such Definitive Securities for an equal principal amount of Definitive Securities of other authorized denominations,

the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met; provided, however, that the Definitive Securities presented or surrendered for register of transfer or exchange:

- i) shall be duly endorsed or accompanied by a written instruction of transfer in form and substance satisfactory to the Registrar duly executed by the Holder thereof or by his or her attorney, duly authorized in writing; and
- ii) in the case of Transfer Restricted Securities that are Definitive Securities, shall be accompanied by the following additional information and documents, as applicable:
 - (A) if such Transfer Restricted Security is being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect (in the form set forth on the reverse of the Debentures); or
 - (B) if such Transfer Restricted Security is being transferred to the Company or a "qualified institutional buyer" (as defined in Rule 144A) in accordance with Rule 144A, a certification to that effect (in the form set forth on the reverse of the Debentures); or
 - (C) if such Transfer Restricted Securities are being transferred (w) pursuant to an exemption from registration in accordance with Rule 144 or Regulation S under the Securities Act; or (x) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is acquiring the security for its own account, or for the account of such an institutional accredited investor, in each case in a minimum principal amount of Debentures of \$250,000 for investment purposes

and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act; or (y) in reliance on another exemption from the registration requirements of the Securities Act: (i) a certification to that effect (in the form set forth on the reverse of the Debentures), (ii) if the Company, Trustee or Registrar so requests, an Opinion of Counsel reasonably acceptable to the Company, Trustee and Registrar to the effect that such transfer is in compliance with the Securities Act and (iii) in the case of clause (x), a signed letter in substantially the form of Exhibit B hereto.

(b) RESTRICTIONS ON TRANSFER OF A DEFINITIVE SECURITY FOR A BENEFICIAL INTEREST IN A GLOBAL SECURITY. A Definitive Security may not be exchanged for a beneficial interest in a Global Security except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Security, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with:

- i) if such Definitive Security is a Transfer Restricted Security, certification, substantially in the form of Exhibit B hereto, that such Definitive Security is being transferred to a "qualified institutional buyer" (as defined in Rule 144A) in accordance with Rule 144A; and
- ii) whether or not such Definitive Security is a Transfer Restricted Security, written instructions directing the Trustee to make, or to direct the Debentures Custodian to make, an endorsement on the Global Security to reflect an increase in the aggregate principal amount of the Debentures represented by the Global Security,

then the Trustee shall cancel such Definitive Security in accordance with Section 2.11 hereof and cause, or direct the Debentures Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Debentures Custodian, the aggregate principal amount of Debentures represented by the Global Security to be increased accordingly. If no Global Security is then outstanding, the Company shall issue and the Trustee shall authenticate a new Global Security in the appropriate principal amount.

(c) TRANSFER AND EXCHANGE OF GLOBAL SECURITY. The transfer and exchange of a Global Security or beneficial interests therein shall be effected through the Depository in accordance with this Indenture (including the restrictions on transfer set forth herein) and the procedures of the Depository therefor.

(d) TRANSFER OF A BENEFICIAL INTEREST IN A GLOBAL SECURITY FOR A DEFINITIVE SECURITY.

i) Any Person having a beneficial interest in a Global Security that is being exchanged or transferred pursuant to an effective registration statement under the Securities Act or pursuant to clause (A), (B) or (C) below may upon request, and if accompanied by the information specified below, exchange such beneficial interest for a Definitive Security of the same aggregate principal amount. Upon receipt by the Trustee of written instructions or such other form of instructions as is customary for the Depository, from the Depository, or its nominee on behalf of any Person having a beneficial interest in a Global Security, and upon receipt by the Trustee of a written order or such other form of instructions, and, in the case of a Transfer Restricted Security only, the following additional information and documents (all of which may be submitted by facsimile):

- (A) if such beneficial interest is being transferred to the Person designated by the Depository as being the beneficial owner, a certification from such Person to that effect (in the form set forth on the reverse of the Debentures) or
- (B) if such beneficial interest is being transferred to a "qualified institutional buyer" (as defined in Rule 144A) in accordance with Rule 144A, a certification to that effect from the transferor (in the form set forth on the reverse of the Debentures); or
- (C) if such beneficial interest is being transferred (w) pursuant to an exemption from registration in accordance with Rule 144 or Regulation S under the Securities Act; or (x) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is acquiring the security for its own account, or for the account of such an institutional accredited investor, in each case in a minimum principal amount of Debentures of \$250,000 for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act; or (y) in reliance on another exemption from the registration requirements of the Securities Act: (i) a certification to that effect from the transferee or transferor (in the form set forth on the reverse of the Debentures), (ii) if the Company, Trustee or Registrar so requests, an Opinion of Counsel from the transferee or transferor reasonably acceptable to the Company and to the Registrar to the effect that such transfer is in compliance with the Securities Act, and (iii) in the case of clause (x), a signed letter in substantially the form of Exhibit B hereto,

then the Trustee or the Debentures Custodian, at the direction of the Trustee, will cause, in accordance with the standing instructions and

procedures existing between the Depositary and the Debentures Custodian, the aggregate principal amount of the Global Security to be reduced on its books and records and, following such reduction, the Company will execute and, upon receipt of an authentication order in the form of an Officers' Certificate in accordance with Section 2.2 hereof, the Trustee will authenticate and deliver to the transferee a Definitive Security in the appropriate principal amount.

- ii) Definitive Debentures issued in exchange for a beneficial interest in a Global Security pursuant to this Section 2.6(d) shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from the Agent Members or otherwise, shall instruct the Trustee. The Trustee shall deliver such Definitive Securities to the Persons in whose names such Debentures are so registered.

(e) RESTRICTIONS ON TRANSFER AND EXCHANGE OF GLOBAL SECURITY.

Notwithstanding any other provisions of this Indenture (other than the provisions set forth in Section 2.6(f)), a Global Security may not be transferred as a whole or in part except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(f) AUTHENTICATION OF DEFINITIVE SECURITIES IN ABSENCE OF DEPOSITARY.

If at any time:

- i) the Depositary notifies the Company that the Depositary is unwilling or unable to continue as Depositary for the Global Securities and a successor Depositary for the Global Securities is not appointed by the Company within 90 days after delivery of such notice; or
- ii) the Company, at its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of Definitive Securities under this Indenture,

then the Company will execute, and the Trustee, upon receipt of an Officers' Certificate, in accordance with Section 2.2, requesting the authentication and delivery of Definitive Securities, will authenticate and deliver Definitive Securities, in an aggregate principal amount equal to the principal amount of the Global Securities, in exchange for such Global Securities.

(g) LEGENDS.

- i) Except as permitted by the following paragraph (ii), each Debenture certificate evidencing the Global Securities and the Definitive Securities (and all Debentures issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form:

"THIS DEBENTURE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS DEBENTURE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION. EACH PURCHASER OF THIS DEBENTURE IS HEREBY NOTIFIED THAT THE SELLER OF THIS DEBENTURE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

"THE HOLDER OF THIS DEBENTURE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS DEBENTURE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (IV) TO THE COMPANY OR (V) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS DEBENTURE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE."

- ii) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Security) pursuant to Rule 144 under the Securities Act or an effective registration statement under the Securities Act:
 - (A) in the case of any Transfer Restricted Security that is a Definitive Security, the Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a Definitive Security that does not bear the legends set forth above and rescind any restriction on the transfer of such Transfer Restricted Security; and
 - (B) any such Transfer Restricted Security represented by a Global Security shall not be subject to the provisions set forth in (i) above

(such sales or transfers being subject only to the provisions of Section 2.6(e)); provided, however, that with respect to any request for an exchange of a Transfer Restricted Security that is represented by a Global Security for a Definitive Security that does not bear a legend, which request is made in reliance upon Rule 144 under the Securities Act, the Holder thereof shall certify in writing to the Registrar that such request is being made pursuant to Rule 144 under the Securities Act (such certification to be in the form set forth on the reverse of the Debentures).

(h) CANCELLATION AND/OR ADJUSTMENT OF GLOBAL SECURITY. At such time as all beneficial interests in a Global Security have either been exchanged for Definitive Securities, redeemed, repurchased or cancelled, such Global Security shall be returned to or retained and cancelled by the Trustee in accordance with Section 2.11. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for Definitive Securities, redeemed, repurchased or cancelled, the principal amount of Debentures represented by such Global Security shall be reduced accordingly and an endorsement shall be made on such Global Security, by the Trustee or the Debentures Custodian, at the direction of the Trustee, to reflect such reduction.

(i) OBLIGATIONS WITH RESPECT TO TRANSFERS AND EXCHANGES OF DEFINITIVE SECURITIES.

- i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Definitive Securities and a Global Security at the Registrar's request.
- (ii) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments or similar governmental charge payable in connection therewith.
- (iii) The Registrar or co-registrar shall not be required to register the transfer of or exchange of (a) any Definitive Security selected for redemption in whole or in part pursuant to Article 3, except the unredeemed portion of any Definitive Security being redeemed in part, or (b) any Debenture during the 15 day period preceding the mailing of a notice of redemption or an offer to repurchase or redeem Debentures or the 15 day period preceding an Interest Payment Date.
- (iv) Prior to the due presentation for registration of transfer of any Debenture, the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar may deem and treat the Person in whose name a Debenture is registered as the absolute owner of such Debenture for the purpose of receiving payment of Principal of and interest on such Debenture and for all other purposes whatsoever, whether or not such Debenture is overdue,

and none of the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

- (v) All Debentures issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Debentures surrendered upon such transfer or exchange.

(j) NO OBLIGATION OF THE TRUSTEE.

- (i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in the Depositary or other Person with respect to the accuracy of the records of the Depositary or its nominee or of any participant or member thereof, with respect to any ownership interest in the Debentures or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depositary) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Debentures. All notices and communications to be given to the Holders and all payments to be made to Holders under the Debentures shall be given or made only to or upon the order of the registered Holders (which shall be the Depositary or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depositary subject to the applicable rules and procedures of the Depositary. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depositary with respect to its members, participants and any beneficial owners.
- (ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Debenture (including any transfers between or among the Agent Members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.7 REPLACEMENT DEBENTURES.

Upon surrender of a mutilated Debenture at the office or agency of the Registrar, the Company shall execute, and the Trustee shall authenticate and deliver, a replacement Debenture

in the name of the Holder of such mutilated Debenture, of like principal amount and dated the date of such mutilated Debenture.

Upon surrender of written notice by a Holder or a Holder's attorney duly authorized in writing at the office or agency of the Registrar that a Debenture has been lost, destroyed or wrongfully taken, the Company shall execute, and the Trustee shall authenticate and deliver, a replacement Debenture in the name of such Holder, of like principal amount and dated the date of such lost, destroyed or wrongfully taken Debenture; provided, however, that, unless such requirement is waived by the Company, such notice shall be accompanied by an indemnity bond that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss which any of them may suffer by reason of such Debenture's replacement.

The Company may charge the Holder for its expenses in replacing a Debenture.

Every replacement Debenture shall be an additional obligation of the Company and shall be entitled to all benefits of this Indenture equally and proportionately with all other Debentures duly issued hereunder.

SECTION 2.8 OUTSTANDING DEBENTURES.

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The Debentures outstanding at any time are all the Debentures authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those reductions in the interest in the Global Security effected by the Trustee hereunder and those described in this Section 2.8 as not outstanding. Except as set forth in Section 2.9, a Debenture does not cease to be outstanding because the Company or an Affiliate of the Company holds the Debenture.

If a Debenture is replaced pursuant to Section 2.7, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Debenture is held by a bona fide purchaser.

If the principal amount of any Debenture is considered paid under Section 4.1, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, any Subsidiary or an Affiliate of any thereof) segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to redeem or pay Debentures payable on that date, and is not prohibited from paying such money to the Holders thereof pursuant to the terms of this Indenture, then on and after such redemption date or maturity date such Debentures shall be deemed to be no longer outstanding and shall cease to accrue interest.

SECTION 2.9 TREASURY DEBENTURES.

In determining whether the Holders of the required aggregate principal amount of Debentures have concurred in any direction, waiver or consent, Debentures owned by the Company or by any Affiliate of the Company shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Debentures as to which a Trust Officer of the Trustee knows are so owned shall be so disregarded.

SECTION 2.10 TEMPORARY DEBENTURES.

(a) Until definitive Debentures are ready for delivery, the Company may prepare and execute and the Trustee shall authenticate and deliver temporary Debentures upon a written order of the Company signed by an Officer and delivered to a Trust Officer. Temporary Debentures shall be substantially in the form of definitive Debentures but may have variations that the Company considers appropriate for temporary Debentures. If temporary Debentures are issued, the Company shall, without unreasonable delay, prepare definitive Debentures which may be exchanged for temporary Debentures.

After the preparation of definitive Debentures, the temporary Debentures shall be exchangeable for definitive Debentures upon surrender of the temporary Debentures at the office or agency of the Registrar, without charge to Holders. Upon surrender for cancellation of one or more temporary Debentures, the Company shall execute and the Trustee upon a written order of the Company signed by an Officer shall authenticate and deliver in exchange therefor a like principal amount of definitive Debentures of authorized denominations. Until so exchanged, the temporary Debentures shall in all respects be entitled to the same benefits under this Indenture as definitive Debentures.

(b) A Global Security deposited with the Depositary or with the Trustee as custodian for the Depositary pursuant to Section 2.1 shall be transferred to the beneficial owners thereof only if such transfer complies with Section 2.6 and (i) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Security or if at any time such Depositary ceases to be a "clearing agency" registered under the Exchange Act and a successor Depositary is not appointed by the Company within 90 days after such notice or (ii) an Event of Default has occurred and is continuing.

(c) Any Global Security that is transferable to the beneficial owners thereof pursuant to this Section 2.10 shall be surrendered by the Depositary to the Trustee located in New York, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Security, an equal aggregate principal amount of Debentures of authorized denominations. Any portion of a Global Security transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of \$1,000 and any integral multiple thereof and registered in such names as the

Depository shall direct. Any Debenture delivered in exchange for an interest in the Global Security shall, except as otherwise provided by Section 2.6(b) bear the restricted securities legend set forth in Exhibit A hereto.

(d) Subject to the provisions of Section 2.10(c), the registered Holder of a Global Security may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Debentures.

(e) In the event of the occurrence of either of the events specified in Section 2.10(b), the Company will promptly make available to the Trustee, at the Company's expense, a reasonable supply of certificated Debentures in definitive, fully registered form without interest coupons.

SECTION 2.11 CANCELLATION.

The Company at any time may deliver Debentures to the Trustee for cancellation. The Registrar, Conversion Agent and Paying Agent shall forward to the Trustee any Debentures surrendered to them for registration of transfer, exchange, conversion or payment. The Trustee shall promptly cancel and destroy (in accordance with the standard document destruction policies of the Trustee) all Debentures so delivered and certify to the Company their destruction unless by a written order signed by an Officer, the Company shall direct that cancelled Debentures be returned to it. The Company may not issue new Debentures to replace Debentures that have matured or been converted or redeemed.

SECTION 2.12 DEFAULTED INTEREST.

If the Company defaults in a payment of interest on the Debentures, the Company shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) in any lawful manner. The Company shall pay the defaulted interest to the Persons who are Holders on a subsequent special record date. The Company shall fix or cause to be fixed (or upon the Company's failure to do so the Trustee shall fix) any such special record date and payment date to the reasonable satisfaction of the Trustee, which specified record date shall not be less than 10 days prior to the payment date for such defaulted interest, and shall promptly mail or cause to be mailed to each Holder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid with respect to such defaulted interest or shall make arrangements reasonably satisfactory to the Trustee for such deposit prior to the date of the proposed payment, which money when so deposited shall be held in trust for the benefit of the Person entitled to such defaulted interest as provided in this Section 2.12.

SECTION 2.13 DEPOSIT OF MONEYS.

Prior to 10:00 a.m., New York City time, on each Interest Payment Date and the maturity date, the Company shall deposit with the Paying Agent in immediately available funds money sufficient to make cash payments, if any, due on such Interest Payment Date or maturity date, as the case may be, in a timely manner which permits the Paying Agent to remit payment to the Holders on such Interest Payment Date or maturity date, as the case may be.

ARTICLE 3.

REDEMPTION

SECTION 3.1 NOTICES TO TRUSTEE.

If the Company elects to redeem Debentures pursuant to the optional redemption provisions of Paragraph 5 of the Debentures, it shall notify the Trustee in writing of the redemption date, the Section of the Indenture and/or Paragraph of the Debenture pursuant to which such redemption shall be effected, the principal amount of Debentures to be redeemed and the redemption price at least 15 days prior to mailing any notice of redemption to the Holders (unless the Trustee consents to a shorter period). Such notice shall be in the form of an Officers' Certificate from the Company and will state that such redemption will comply with the conditions herein.

If less than all the Debentures are to be redeemed, the record date relating to such redemption shall be selected by the Company and given to the Trustee, which record date shall be not less than 15 days after the date of notice to the Trustee.

SECTION 3.2 SELECTION OF DEBENTURES TO BE REDEEMED.

If less than all the Debentures are to be redeemed, the Trustee shall select the Debentures to be redeemed in compliance with the requirements of the principal national securities exchange, if any, on which the Debentures are quoted or listed or admitted to trading or, if the Debentures are not so quoted or listed or admitted to trading, on a pro rata basis, by lot or by such other method that complies with applicable legal requirements and that the Trustee considers fair and appropriate. The Trustee shall make the selection not more than 60 days and not less than 30 days before the redemption date from Debentures outstanding and not previously called for redemption. The Trustee may select for redemption portions of the principal amount of Debentures that have denominations larger than \$1,000. The Trustee will make the selection from Debentures outstanding and not previously called for redemption. Debentures and portions thereof selected by the Trustee shall be in amounts of \$1,000 or integral multiples of \$1,000. If less than all of the Debentures are to be redeemed and a Debenture is converted in accordance with Article 10 after the date on which notice of redemption is given pursuant to Section 3.3 and prior to the time and

date specified in Section 3.5, such Debenture shall, for purposes of determining the amount of such Debentures which have been redeemed, be deemed to have been redeemed. Provisions of this Indenture that apply to Debentures called for redemption also apply to portions of Debentures called for redemption. The Trustee shall notify the Company promptly of the Debentures or portions of Debentures to be called for redemption.

SECTION 3.3 NOTICE OF REDEMPTION.

At least 30 days but not more than 60 days before a redemption date, the Company or, upon written notice to the Trustee by the Company, the Trustee shall give a notice of redemption to the Holders.

The notice shall identify the Debentures to be redeemed and shall state:

- (a) the redemption date;
- (b) the redemption price;
- (c) the Conversion Price;
- (d) the name and address of the Paying Agent and Conversion Agent;
- (e) that Debentures called for redemption may be converted at any time before the close of business on the Business Day immediately preceding the redemption date in accordance with Article 10;
- (f) that Holders who want to convert Debentures must satisfy the requirements in Paragraph 8 of the Debentures;
- (g) that Debentures called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (h) the CUSIP number of the Debentures;
- (i) if fewer than all of the outstanding Debentures are to be redeemed, the certificate numbers and principal amounts of the particular Debentures to be redeemed;
- (j) if any Debenture is being redeemed in part, that, after the redemption date, upon surrender of such Debenture, a new Debenture or Debentures in principal amount equal to the unredeemed portion will be issued; and
- (k) that unless the Company defaults in making such redemption payment or the Paying Agent is prohibited from making such redemption payment pursuant to the

terms of this Indenture, interest on Debentures called for redemption ceases to accrue on and after the redemption date.

If the Trustee gives such notice of redemption, it shall do so in the Company's name and at the Company's expense and the Company shall provide the Trustee with the information required to give such notice of redemption.

SECTION 3.4 EFFECT OF NOTICE OF REDEMPTION; DEFINITION OF REDEMPTION PRICE.

Notice of redemption given in accordance with Sections 3.3 and 13.2 to each Holder shall be deemed to have been duly given, whether or not any particular Holder receives such notice. Once notice of redemption is so mailed, Debentures called for redemption become due and payable on the redemption date at the redemption price set forth in the Debentures. A notice of redemption may not be conditional. Upon surrender to the Trustee or the Paying Agent, such Debentures called for redemption shall be paid at the redemption price. References in this Indenture to the "redemption price" mean the redemption price set forth in the Debentures plus the interest payable as provided in the Debentures on Debentures called for redemption.

SECTION 3.5 DEPOSIT OF REDEMPTION PRICE.

On or before 10:00 a.m., New York City time, on any redemption date, the Company shall deposit with the Trustee or with the Paying Agent immediately available funds sufficient to pay the redemption price of all Debentures to be redeemed on that date other than Debentures or portions of Debentures called for redemption which prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted; provided, however, that any such deposit shall be a payment with respect to the Debentures and shall be subject to the provisions of Article 11 and shall be permitted only if payment would be permitted under Article 11. The Trustee or the Paying Agent shall return to the Company any money not required for the purpose of paying such redemption price.

SECTION 3.6 DEBENTURES REDEEMED IN PART.

Upon surrender of a Debenture that is redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder at the expense of the Company a new Debenture equal in principal amount to the unredeemed portion of the Debenture surrendered.

ARTICLE 4.

COVENANTS

SECTION 4.1 PAYMENT OF DEBENTURES.

The Company shall pay the Principal and repurchase price, if any, of and interest on the Debentures on the dates and in the manner provided in the Debentures and this Indenture. Principal and interest shall be considered paid on the date due if the Paying Agent (other than the Company or a Subsidiary) on that date holds money in accordance with this Indenture designated for and sufficient to pay in cash all Principal and interest then due and the Paying Agent is not prohibited from paying such money to Holders on that date pursuant to the terms of this Indenture.

To the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on (i) overdue Principal and repurchase price, if any, of the Debentures at the rate borne by the Debentures and (ii) overdue installments of interest at the same rate.

SECTION 4.2 STAY, EXTENSION AND USURY LAWS.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.3 CONTINUED EXISTENCE.

Subject to Article 5, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a corporation and the corporate existence of the Subsidiaries and will refrain or cause the Subsidiaries to refrain from taking any action that would cause its corporate existence or the corporate existence of any of the Subsidiaries to cease, including without limitation any action that would result in the liquidation, winding up or dissolution of it or any of the Subsidiaries; provided, however, that the Company shall not be required to preserve the existence of any Subsidiary if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and

the Subsidiaries and that the loss thereof to the Company taken as a whole is not disadvantageous in any material respect to the Holders.

SECTION 4.4 REPORTS.

(a) The Company shall file with the Trustee copies of all reports and other information and documents that the Company is required to file with the SEC pursuant to the Exchange Act. Each such report or other information or document shall be filed with the Trustee within 15 days after filing of such report or other information or document with the SEC. The Company will mail or cause to be mailed to all Holders copies of all of (a) its annual reports to stockholders and (b) quarterly reports to stockholders which are mailed to its institutional stockholders.

(b) If the Company is at any time no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will prepare (i) for the first three quarters of each fiscal year of the Company, quarterly financial statements substantially equivalent to the financial statements required to be included in a report on Form 10-Q under the Exchange Act, and (ii) annually, complete audited consolidated financial statements, including, but not limited to, a balance sheet, a statement of operations, a statement of stockholders' equity and all appropriate notes. All such financial statements will be prepared in accordance with GAAP, except for changes with which the Company's independent accountants concur and except that quarterly financial statements may be subject to year-end adjustments. The Company will file or cause to be filed with the Trustee and will mail or cause to be mailed to the Holders a copy of such financial statements within 50 days after the end of each of the first three quarters of each fiscal year of the Company and within 95 days after the close of each fiscal year of the Company, respectively. Notwithstanding the foregoing, if the Company is no longer subject to such reporting requirements by reason of the acquisition of Capital Stock by, or merger or consolidation of the Company with, a Person which is subject to such reporting requirements or a Subsidiary of such a Person and such Person has unconditionally and irrevocably guaranteed payment in full when due of all amounts payable with respect to the Debentures, then the Company need not prepare, file or mail the financial statements described in this Section 4.4(b); provided, however, that such Person complies with Section 4.4(a) as if references therein to the Company were references to such Person.

SECTION 4.5 TAXES.

The Company shall, and shall cause each of the Subsidiaries to, pay or discharge prior to delinquency all taxes, assessments and governmental levies, except as contested in good faith and by appropriate proceedings.

SECTION 4.6 CHANGE OF CONTROL.

(a) In the event of a Change of Control, the Company shall give or cause to be given written notice in the form of an Officers' Certificate (the "CHANGE OF CONTROL NOTICE") to all Holders, the Trustee and the Paying Agent of such event and shall make an offer to purchase (as the same may be extended in accordance with applicable law, the "CHANGE OF CONTROL OFFER") all then outstanding Debentures at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon to the Change of Control Payment Date. The Change of Control Notice shall be given in accordance with Section 13.2 and the Change of Control Offer shall be made not more than 30 days following the date of the Change of Control (the "CHANGE OF CONTROL DATE"), unless the Company has previously given a notice of optional redemption by the Company of all of the Debentures in accordance with this Indenture. The Change of Control Notice shall set forth:

- (i) that a Change of Control has occurred and, unless the Debentures are subject to a notice of optional redemption described above, that the Company is offering to repurchase all of the outstanding Debentures;
- (ii) a brief description of such Change of Control and, to the extent readily available to the Company, information with respect to pro forma consolidated income, cash flow and capitalization of the Company after giving effect to such Change of Control and such other financial information relating to the Company with respect to such Change of Control as the Company may, in its sole discretion, deem relevant to a decision whether to convert or hold Debentures or tender Debentures in connection with such Change of Control Offer;
- (iii) the repurchase price (the "CHANGE OF CONTROL PAYMENT");
- (iv) the expiration date of the Change of Control Offer, which shall be no earlier than 30 days nor later than 60 days from the date the Change of Control Notice is mailed;
- (v) the date such purchase shall be effected, which shall be no later than 30 days after the expiration date of the Change of Control Offer (the "CHANGE OF CONTROL PAYMENT DATE");
- (vi) a statement that any Debentures not accepted for payment pursuant to the Change of Control Offer shall continue to accrue interest;
- (vii) that unless the Company defaults in the payment of the Change of Control Payment, all Debentures or portions thereof accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest on and after the Change of Control Payment Date;
- (viii) the Conversion Price;

(ix) the name and address of the Paying Agent and the Conversion Agent;

(x) that Debentures (duly endorsed for transfer to the Company), together with the form of "Option of Holder to Elect Repurchase" thereon completed and signed, must be surrendered to the Paying Agent prior to the expiration of the Change of Control Offer to collect the Change of Control Payment; and

(xi) any other information required by applicable law to be included therein and any other procedures that a Holder must follow in order to have Debentures repurchased.

(b) The Change of Control Offer shall remain open until the close of business on the expiration date of the Change of Control Offer. Each Holder shall have the right to withdraw his tender in accordance with applicable rules promulgated by the SEC under the Exchange Act.

(c) In the event that the Company is required to make a Change of Control Offer, the Company will comply with any applicable securities laws and regulations, including, to the extent applicable, Section 14(e) of, and Rule 14e-1 and any other tender offer rules under, the Exchange Act which may then be applicable in connection with any offer by the Company to purchase Debentures at the option of the Holders.

(d) On the Change of Control Payment Date, the Company shall, to the extent lawful:

(i) accept for payment Debentures or portions thereof tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent in immediately available funds an amount equal to the Change of Control Payment with respect to all Debentures or portions thereof so accepted; and

(iii) deliver or cause to be delivered to the Trustee the Debentures so accepted together with an Officers' Certificate stating the Debentures or portions thereof tendered to the Company.

(e) The Paying Agent shall promptly (but in any case not later than five Business Days after the Change of Control Payment Date) mail to each Holder of Debentures so accepted payment in an amount equal to the Change of Control Payment for such Debentures, and the Trustee shall promptly authenticate and mail to each Holder a new Debenture equal in principal amount to any unpurchased portion of the Debentures surrendered by such Holder, if any; provided, that each such new Debenture shall be in principal amount of \$1,000 or an integral multiple thereof. The Company shall publicly announce the results of all repurchases pursuant to this Section 4.6 on or as soon as practicable after the Change of Control Payment Date.

SECTION 4.7 LIMITATION ON DIVIDEND RESTRICTIONS AFFECTING SUBSIDIARIES.

The Company shall not, and shall not permit any of its Subsidiaries to, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction of any kind on the ability of any Subsidiary to (a) pay to the Company dividends or make to the Company any other distribution on its Capital Stock, (b) pay any debt owed to the Company or any of the Subsidiaries, (c) make loans or advances to the Company or any of the Subsidiaries or (d) transfer any of its property or assets to the Company or any of the Subsidiaries, other than such encumbrances or restrictions existing or created under or by reason of (i) applicable law, (ii) this Indenture, (iii) covenants or restrictions contained in any instrument governing debt of the Company or any of the Subsidiaries existing on the date of this Indenture, or covenants or restrictions in any loan documents relating to Senior Indebtedness incurred after the date hereof, provided that in the absence of a default under any such loan documents, no such restriction shall prevent a Subsidiary from paying dividends or otherwise distributing funds to the Company in amounts sufficient to enable the Company to make interest and principal payments on the Debentures as and when due, (including pursuant to any Change of Control Offer), (iv) customary provisions restricting subletting, assignment and transfer of any lease governing a leasehold interest of the Company or any of the Subsidiaries or in any license or other agreement entered into in the ordinary course of business, (v) any agreement governing debt of a Person acquired by the Company or any of the Subsidiaries in existence at the time of such acquisition (but not created in connection with or in contemplation thereof), which encumbrances or restrictions are not applicable to any Person, or the property or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, or (vi) any restriction with respect to a Subsidiary imposed pursuant to an agreement entered into in accordance with the terms of this Indenture for the sale or disposition of Capital Stock or property or assets of such Subsidiary, pending the closing of such sale or disposition.

SECTION 4.8 COMPLIANCE CERTIFICATE.

The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, an Officers' Certificate stating that a review of the activities of the Company and the Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officer with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to such Officer, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant and condition contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Event of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto), and that, to the best of his or her knowledge, no event has occurred and remains in existence by reason of which payments on account of the Principal of or interest on the Debentures are prohibited.

SECTION 4.9 FURTHER ASSURANCE TO THE TRUSTEE.

The Company shall, upon reasonable request of the Trustee, execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the provisions of this Indenture.

ARTICLE 5.

SUCCESSORS

SECTION 5.1 WHEN COMPANY MAY MERGE OR SELL ASSETS.

The Company shall not consolidate with or merge into, or sell, lease, convey or otherwise dispose of all or substantially all of its assets to, any Person, without the consent of Holders of the majority in aggregate principal amount of Debentures then outstanding, unless:

(a) the Company is the continuing corporation or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, lease, conveyance or other disposition of assets shall have been made, is organized and existing under the laws of the United States, any state thereof or the District of Columbia and such Person (if other than the Company) expressly assumes by supplemental indenture executed and delivered to the Trustee and in a form reasonably satisfactory to the Trustee, all the obligations of the Company under the Debentures and this Indenture, including, without limitation, conversion rights in accordance with Article 10;

(b) immediately before and immediately after giving effect to the transaction no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have occurred and be continuing;

(c) immediately after giving effect to such transaction, the Debentures and this Indenture (as supplemented by such supplemental indenture) will be a valid and enforceable obligation of the Company or such successor; and

(d) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such proposed transaction and such supplemental indenture comply with the applicable provisions of this Indenture and that all conditions precedent herein provided for relating to such transaction have been satisfied.

SECTION 5.2 SUCCESSOR SUBSTITUTED.

Upon any consolidation or merger, or any sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.1, the Person formed by such consolidation or into or with which the Company is merged or to which such sale, lease, conveyance or other disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person has been named as the Company herein; provided, however that in the case of a sale, lease, conveyance or other disposition the Company shall not be released from the obligation to pay the Principal of and interest on the Debentures.

ARTICLE 6.

DEFAULTS AND REMEDIES

SECTION 6.1 EVENTS OF DEFAULT.

The following shall constitute an "EVENT OF DEFAULT":

(a) failure to pay any Principal or repurchase price, in any, of any Debenture when due and payable, whether at maturity, upon redemption, upon a Change of Control Offer or otherwise, whether or not such payment is prohibited by the subordination provisions of this Indenture;

(b) failure to pay any interest on any Debenture when due and payable, which failure continues for 30 days, whether or not such payment is prohibited by the subordination provisions of this Indenture;

(c) failure to perform the other covenants of the Company in this Indenture, which failure continues for 60 days after written notice as provided in the last paragraph of this Section 6.1;

(d) a default occurs (after giving effect to any applicable grace periods or any extension of any maturity date) in the payment when due of Principal of, or an acceleration of, any indebtedness for money borrowed by the Company or any of its Subsidiaries in excess of \$5 million, individually or in the aggregate, if such indebtedness is not discharged, or such acceleration is not annulled, within 10 days after written notice as provided in the last paragraph of this Section 6.1;

(e) the Company or any of its Significant Subsidiaries, pursuant to or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a Custodian of it or for all or substantially all of its property, and such Custodian is not discharged within 30 days,

(iv) makes a general assignment for the benefit of its creditors, or

(v) admits in writing that it is generally unable to pay its debts as the same become due;

(f) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief in an involuntary case against the Company or any Significant Subsidiary,

(ii) appoints a Custodian of the Company or any Significant Subsidiary or for all or substantially all of the property of the Company or any Significant Subsidiary, or

(iii) orders the liquidation of the Company or any Significant Subsidiary,

and, in each case, the order or decree remains unstayed and in effect for 60 consecutive days.

The term "BANKRUPTCY LAW" means Title 11 of the U.S. Code or any similar federal, foreign or state law for the relief of debtors. The term "CUSTODIAN" means any receiver, trustee, assignee, liquidator, examiner or similar official under any Bankruptcy Law. The term "SIGNIFICANT SUBSIDIARY" has the same meaning as significant subsidiary has under Regulation S-X under the Securities Act as in effect on the date hereof.

A Default under clause (c) of this Section 6.1 (other than a Default under Section 5.1, which Default shall be an Event of Default with the notice but without the passage of time specified in clause (c) of this Section 6.1) or clause (d) of this Section 6.1 shall not be an Event of Default until (i) the Trustee shall have notified the Company, or the Holders of at least 25% in aggregate principal amount of the Debentures then outstanding shall have notified the Company and the Trustee, of the Default and (ii) the Company shall have failed to cure the Default under such clause (c) within 60 days after receipt of the notice or under such clause (d) within 10 days after receipt of the notice, respectively. Any such notice must specify the Default, demand that it be remedied and state that the notice is a "NOTICE OF DEFAULT."

SECTION 6.2 ACCELERATION.

If an Event of Default (other than an Event of Default specified in clauses (e) and (f) of Section 6.1) occurs and is continuing, the Trustee (by notice to the Company), or the Holders of at least 25% in aggregate principal amount of the Debentures then outstanding (by notice to the Company and the Trustee), may declare the unpaid Principal of and accrued interest on all the Debentures then outstanding to be due and payable. Upon any such declaration, such Principal and accrued interest shall be due and payable immediately. If an Event of Default specified in clause (e) or (f) of Section 6.1 occurs, such an amount shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. The Holders of a majority in aggregate principal amount of the Debentures then outstanding by written notice to the Trustee may rescind an acceleration and its consequences if (a) the Company has paid or deposited with the Trustee a sum sufficient to pay (i) all overdue interest on all Debentures then outstanding and (ii) the Principal or repurchase price, if any, of the Debentures then outstanding which have become due otherwise than by such declaration of acceleration and accrued interest thereon at a rate borne by the Debentures and (b) the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of Principal or interest that has become due solely because of the acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.3 OTHER REMEDIES.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of Principal or repurchase price, if any, of or interest on the Debentures or to enforce the performance of any provision of the Debentures or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Debentures or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.4 WAIVER OF EXISTING AND PAST DEFAULTS.

The Holders of a majority in aggregate principal amount of the Debentures then outstanding held by Persons who are not Affiliates of the Company by written notice to the Trustee may waive an existing Default or Event of Default and its consequences, except (i) a continuing Default or Event of Default in the payment of the Principal of or the interest on any Debenture or (ii) a Default or Event of Default with respect to a provision that under Section 9.2 cannot be amended without the consent of each Holder affected. Upon any such waiver, such

Default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.5 CONTROL BY MAJORITY.

Notwithstanding anything contained in Section 6.3 to the contrary, the Holders of a majority in aggregate principal amount of the Debentures then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it; PROVIDED, HOWEVER, that the Trustee may refuse to follow any direction that conflicts with applicable law or this Indenture or that the Trustee determines is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability; PROVIDED FURTHER, however, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Prior to taking any action or following any direction pursuant to this Article 6, the Trustee shall be entitled to request indemnification satisfactory to it in its sole discretion against any loss or expense caused by taking such action or following such direction. If the Trustee makes such request, it shall be entitled to delay taking such action or following such direction until it has received such indemnification.

SECTION 6.6 LIMITATION ON SUITS.

A Holder may pursue a remedy with respect to this Indenture or the Debentures only if:

- (a) the Holder gives to the Trustee notice of a continuing Event of Default;
- (b) the Holders of at least 25% in aggregate principal amount of the Debentures then outstanding make a written request to the Trustee to pursue the remedy;
- (c) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;
- (d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- (e) during such 60-day period the Holders of a majority in aggregate principal amount of the Debentures then outstanding do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 6.7 RIGHTS OF HOLDERS TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Debenture to receive payment of Principal or repurchase price, if any, of and interest on such Debenture, on or after the respective due dates expressed in the Debenture, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Debenture to bring suit for the enforcement of the right to convert such Debenture shall not be impaired or affected without the consent of such Holder.

SECTION 6.8 COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 6.1(a) or 6.1(b) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of Principal or repurchase price, if any, of and interest accrued on the Debentures and interest on overdue Principal or repurchase price, if any, of and accrued interest on the Debentures and for such further amount as shall be sufficient to cover the costs and, to the extent lawful, expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel.

SECTION 6.9 TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceedings relative to the Company, its creditors or its property. Except as provided in this Indenture, nothing contained herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Debentures or the rights of any Holder or to authorize the Trustee to vote with respect to the claim of any Holder in any such proceeding.

SECTION 6.10 PRIORITIES.

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

- First: to the Trustee for amounts due under Section 6.8 or 7.7;
- Second: to holders of Senior Indebtedness to the extent required by Article 11;
- Third: to Holders for amounts due and unpaid on the Debentures for Principal and interest, ratably, without preference or priority of any kind, according to

the amounts due and payable on the Debentures for Principal and interest, respectively; and

Fourth: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders and, if it does so, will give prompt prior written notice thereof to the Registrar.

At least 15 days before any such record date, the Trustee shall give or cause to be given to each Holder a notice that states such record date, such payment date and the amount to be paid.

SECTION 6.11 UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.7, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Debentures or any suit for the enforcement of the right to convert any Debenture in accordance with Article 10.

ARTICLE 7.

TRUSTEE

SECTION 7.1 DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) The Trustee need perform only those duties that are specifically set forth in this Indenture or the TIA and no others; and

(ii) in the absence of gross negligence, willful misconduct or bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture, but the Trustee need not verify the contents thereof.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this Section 7.1(c) does not limit the effect of Section 7.1(b);

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.5.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to the provisions of the TIA and Sections 7.1(a), 7.1(b), 7.1(c) and 7.1(e).

(e) The Trustee may refuse to perform any duty or exercise any right or power hereunder unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it hereunder, except as the Trustee may agree in writing with the Company. Money held by the Trustee in trust hereunder need not be segregated from other funds, except to the extent required by law.

SECTION 7.2 RIGHTS OF TRUSTEE.

(a) The Trustee may conclusively rely on any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters to the extent reasonably deemed necessary by it.

(b) Before the Trustee acts or refrains from acting pursuant to the terms of this Indenture or otherwise, it may require an Officers' Certificate or an Opinion of Counsel, or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and attorneys and shall not be responsible for the willful misconduct or gross negligence of any agents and attorneys appointed with due care.

(d) Subject to the provisions of Section 7.1(c), the Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred by this Indenture.

SECTION 7.3 INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Debentures and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to and must comply with Sections 7.10 and 7.11.

SECTION 7.4 TRUSTEE'S DISCLAIMER.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Debentures, it shall not be accountable for the Company's use of the proceeds from the Debentures, and it shall not be responsible for any statement of the Company in this Indenture or any statement in the Debentures other than its authentication.

SECTION 7.5 NOTICE OF DEFAULTS.

If a Default or Event of Default occurs and is continuing and if it is actually known to the Trustee, the Trustee shall mail to each Holder a notice of the Default or Event of Default within 90 days after it occurs, unless such Default or Event of Default shall have been cured or waived. Except in the case of a Default or Event of Default in payment on any Debenture under Section 6.1(a) or 6.1(b), the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the best interests of Holders.

SECTION 7.6 REPORTS BY TRUSTEE TO HOLDERS.

Within 60 days after each May 15, commencing, May 15, 1997, the Trustee shall mail to each Holder, at the Company's expense, a brief report dated as of such reporting date that complies with TIA section 313(a) (but if no event described in TIA section 313(a) has occurred within the 12 months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA section 313(b)(2) to the extent applicable. The Trustee shall also transmit by mail all reports as required by TIA section 313(c).

A copy of each report at the time of its mailing to Holders shall be filed with the SEC and each stock exchange or market on which the Debentures are listed or admitted to trading. The Company shall promptly notify the Trustee when the Debentures are listed on any stock exchange or admitted to trading on any market and of any delisting thereof.

SECTION 7.7 COMPENSATION AND INDEMNITY.

The Company shall pay to the Trustee (in its capacities as Trustee, Conversion Agent, Paying Agent and Registrar) from time to time such compensation as may be agreed in writing between the Company and the Trustee for its services hereunder. The Trustee's compensation shall not be (to the extent permitted by law) limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it in accordance with any provision of this Indenture. Such expenses may include the reasonable compensation and out-of-pocket expenses of the Trustee's agents and counsel, except such disbursements, advances and expenses as may be attributable to its negligence, willful misconduct or bad faith. Any "float" earned on any money disbursed hereunder shall be considered additional compensation to the Trustee.

The Company shall indemnify the Trustee (in its capacity as Trustee, Conversion Agent, Paying Agent and Registrar) and each of its officers, directors, attorneys-in-fact and agents for, and hold each of such Persons harmless against, any claim, demand, expense (including, but not limited to, reasonable disbursements and expenses of the Trustee's agents and counsel), loss or liability incurred by any of them without negligence, willful misconduct or bad faith on such Person's part, arising out of or in connection with the administration of this trust and the rights or duties of the Trustee hereunder, including the costs and expenses of such Person's defense against any claim or liability in connection with the exercise or performance of any of the Trustee's powers or duties hereunder. The Trustee shall notify the Company promptly of any claim asserted against the Trustee for which it may seek indemnity. The Company shall defend the claim and the Trustee shall provide reasonable cooperation at the Company's expense in the defense. The Trustee may engage separate counsel at its own expense and participate in the defense, provided that the Company shall bear the reasonable expenses of such separate counsel which is reasonably acceptable to the Company if the defendants regarding such claim include both the Trustee and the Company and the Trustee shall have been advised by such separate counsel that representation of the Trustee and the Company would be inappropriate under applicable standards of professional responsibility due to actual or potential differing interests between them. The Company need not reimburse any expense or indemnify against any loss or liability to the extent incurred by the Trustee through its negligence, bad faith or willful misconduct. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonable withheld.

The Company's payment obligations pursuant to this Section 7.7 shall survive the discharge of this Indenture. When the Trustee incurs expenses or renders services after an Event

of Default specified in Section 6.1(e) or 6.1(f) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.8 REPLACEMENT OF TRUSTEE.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.8.

The Trustee may resign by so notifying the Company in writing at least 30 days prior to the date of the proposed resignation; provided, however, that no such resignation shall be effective until a successor Trustee has accepted its appointment pursuant to this Section 7.8. The Holders of a majority in aggregate principal amount of the then outstanding Debentures may remove the Trustee by so notifying the Trustee and the Company. The Company shall remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) a Custodian or public officer takes charge of the Trustee or its property;

or

(d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee.

If a successor Trustee is not appointed or does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in aggregate principal amount of the then outstanding Debentures may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee. Notwithstanding the replacement of the Trustee pursuant to this Section 7.8,

the Company's obligations under Section 7.7 shall continue for the benefit of the retiring Trustee with respect to expenses and liabilities incurred by it prior to such replacement.

SECTION 7.9 SUCCESSOR TRUSTEE BY MERGER.

Except as otherwise provided in Section 7.8(a) or 7.8(d), if the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.10 ELIGIBILITY; DISQUALIFICATION.

This Indenture shall always have a Trustee who satisfies the requirements of TIA ss. 310(a). The Trustee shall always have a combined capital and surplus as stated in its most recent published annual report of condition of at least \$100 million. The Trustee shall comply with TIA ss. 310(b). In the event the Trustee shall cease to be eligible in accordance with this Section 7.10, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.8.

SECTION 7.11 PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

The Trustee shall comply with TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated therein.

ARTICLE 8.

DISCHARGE OF INDENTURE

SECTION 8.1 TERMINATION OF COMPANY'S OBLIGATIONS.

This Indenture shall cease to be of further effect (except that the Company's obligations under Section 7.7 and 8.3 shall survive) when all outstanding Debentures theretofore authenticated and issued (other than destroyed, lost or stolen Debentures which have been replaced or paid) have been delivered to the Trustee for cancellation and the Company has paid all sums payable hereunder. In addition, the Company shall be discharged from all of its obligations under Section 2.13 and Sections 4.3 through 4.9 while the Debentures remain outstanding if all outstanding Debentures will become due and payable at their scheduled maturity within one year and the following conditions have been satisfied:

(a) the Company has deposited, or caused to be deposited, irrevocably with the Trustee as trust funds specifically pledged as security for, and dedicated solely for, such purpose, (i) money in an amount, (ii) non-callable U.S. Government Obligations which through the payment of Principal and interest in accordance with their terms (without the reinvestment of such interest or Principal) will provide not later than one day before the due date of any payment money in an amount, or (iii) a combination thereof, sufficient with respect to clauses (ii) and (iii) in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee at or prior to the time of such deposit, to pay the Principal and discharge each installment of interest on the outstanding Debentures, together with all other amounts payable by the Company under this Indenture.

(b) no Default or Event of Default with respect to the Debentures has occurred and is continuing on the date of such deposit or shall occur as a result of such deposit or at any time during the period ending on the 91st day after the date of such deposit, as evidenced to the Trustee by an Officer's Certificate delivered to the Trustee concurrently with such deposit.

(c) such defeasance does not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound, and is not prohibited by Article 11, as evidenced to the Trustee by an Officers' Certificate delivered to the Trustee concurrently with such deposit.

(d) the Company has delivered to the Trustee a private Internal Revenue Service ruling or an opinion of counsel that Holders will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount, in the same manner, and at the same times, as would have been the case if such deposit, defeasance and discharge had not occurred.

(e) the Company has delivered to the Trustee an Opinion of Counsel to the effect that the deposit shall not result in the Company, the Trustee or the trust being deemed to be an "investment company" under the Investment Company Act of 1940, as amended.

(f) 91 days pass after the deposit is made and during such 91 day period no event of Default specified in Section 6.1(e) or (f) shall occur and be continuing at the end of such period.

(g) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the discharge of such provisions of the Indenture have been complied with. Notwithstanding the foregoing, the Company's obligations to pay Principal and interest on the Debentures shall continue until the Internal Revenue Service ruling or Opinion of Counsel referred to in clause (d) above is provided.

If the Company exercises such option to discharge such provisions of the Indenture, payment of the Debentures may not be accelerated because of an event of default specified in

Sections 6.1(c) with respect to the failure to perform any of the covenants set forth in Section 2.13 and Section 4.3 through 4.9, or Section 6.1(d).

After a deposit made pursuant to this Section 8.1, the Trustee upon request shall acknowledge in writing the discharge of the Company's obligations specified above under this Indenture.

SECTION 8.2 APPLICATION OF TRUST MONEY.

The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 8.1. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of Principal and interest on the Debentures. Money and securities so held in trust are not subject to Article 11.

SECTION 8.3 REPAYMENT TO COMPANY.

The Trustee and the Paying Agent shall promptly pay to the Company upon request any excess money or securities held by them at any time.

The Trustee and the Paying Agent shall pay to the Company upon written request by the Company any money held by them for the payment of Principal, repurchase price or interest that remains unclaimed for one year after the date upon which such payment shall have become due; provided, however, that the Company shall have first caused notice of such payment to the Company to be mailed to each Holder entitled thereto no less than 30 days prior to such payment. After payment to the Company, Holders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

SECTION 8.4 REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any money in accordance with Section 8.2 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Debentures shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.1 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.2; provided, however that if the Company makes any payment of interest on or Principal of any Debenture following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Debentures to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9.

AMENDMENTS

SECTION 9.1 WITHOUT CONSENT OF HOLDERS.

The Company and the Trustee may amend this Indenture or the Debentures without the consent of any Holder:

- (a) to cure any ambiguity, defect or inconsistency; provided, that such amendment does not in the opinion of the Trustee adversely affect the rights of any Holder;
- (b) to comply with Section 5.1 or 10.5;
- (c) to provide for uncertificated Debentures in addition to or in lieu of certificated Debentures;
- (d) to add to the covenants of the Company such further covenants, restrictions, conditions or provisions for the protection of the Holders, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture or in the Debentures as herein set forth;
- (e) to make any change that does not adversely affect the rights hereunder of any Holder; or
- (f) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

provided, however, that, in each case, the Company has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate, each stating that such amendment complies with the provisions of this Section 9.1.

SECTION 9.2 WITH CONSENT OF HOLDERS.

Subject to the provisions of Sections 6.4 and 6.7, the Company and the Trustee may amend or modify this Indenture or the Debentures with the written consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Debentures, and the Holders of a majority in aggregate principal amount of the Debentures then outstanding may waive compliance

in a particular instance by the Company with any provision of this Indenture or the Debentures; provided, however, that, without the consent of each Holder affected, an amendment, modification or waiver under this Section 9.2 may not (with respect to any Debentures held by a non-consenting Holder):

(a) change the stated maturity of, or any installment of interest on, or waive a default in the payment of Principal or repurchase price, if any, of or interest on any Debenture;

(b) reduce the principal amount of any Debenture or reduce the rate or extend the time of payment of interest on any Debenture;

(c) increase the Conversion Price (other than in connection with a combination described in Section 10.4(a)(iii));

(d) except as otherwise provided in Section 9.1(e), change the place or currency of payment of Principal or repurchase price, if any, of or interest on any Debenture;

(e) impair the right to institute suit for the enforcement of any payment on or with respect to any Debenture;

(f) adversely affect the right to exchange or convert Debentures;

(g) reduce the percentage of the aggregate principal amount of outstanding Debentures, the consent of the Holders of which is necessary to amend this Section 9.2, consent to a merger, consolidation or conveyance, sale, transfer or lease of assets as described in Section 5.1 or modify or amend any other provision of this Indenture;

(h) reduce the percentage of the aggregate principal amount of outstanding Debentures, the consent of the Holders of which is necessary for waiver of compliance with certain provisions of this Indenture or for waiver of certain defaults;

(i) modify the provisions of this Indenture with respect to the subordination of the Debentures in a manner adverse to the Holders;

(j) except as otherwise permitted under Article 5, consent to the assignment or transfer by the Company of any of its rights and obligations under this Indenture;

(k) modify the provisions of this Indenture with respect to the obligation of the Company to repurchase Debentures in a manner adverse to the Holders.

To secure a consent of the Holders under this Section 9.2, it shall not be necessary for the Holders to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment or waiver under this Section 9.2 becomes effective, the Company shall mail to Holders a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notices, or any defect therein, shall not, however, in any way, impair or affect the validity of any such amendment or waiver.

SECTION 9.3 COMPLIANCE WITH TRUST INDENTURE ACT.

Every amendment to this Indenture or the Debentures shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

SECTION 9.4 REVOCATION AND EFFECT OF CONSENTS.

Until an amendment, supplemental indenture or waiver becomes effective, a consent to it by a Holder of a Debenture is a continuing consent by such Holder and every subsequent Holder of a Debenture or portion of a Debenture that evidences the same debt as such consenting Holder's Debenture, even if notation of the consent is not made on any Debenture. However, prior to becoming effective, any such Holder or subsequent Holder may revoke the consent as to its Debentures or a portion thereof if the Trustee receives written notice of revocation before the consent of Holders of the requisite aggregate principal amount of Debentures then outstanding has been obtained and not revoked.

The Company may, but shall not be obligated to, fix a record date pursuant to Section 12.1 for the purpose of determining the Holders entitled to consent to any amendment or waiver. If a record date is fixed, then notwithstanding the provisions of the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to consent to such amendment or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No consent shall be valid or effective for more than 90 days after such record date unless consents from Holders of the principal amount of Debentures required hereunder for such amendment or waiver to be effective shall have also been given and not revoked within such 90-day period.

After an amendment or waiver becomes effective it shall bind every Holder, unless it is of the type described in any of clauses (a) through (k) of Section 9.2. In such case, the amendment or waiver shall bind each Holder of a Debenture who has consented to it and every subsequent Holder of a Debenture that evidences the same debt as the consenting Holder's Debenture.

SECTION 9.5 NOTATION ON OR EXCHANGE OF DEBENTURES.

The Trustee (in accordance with the written direction of the Company) may (at the Company's expense) place an appropriate notation about an amendment, supplement or waiver on any Debenture thereafter authenticated. The Company in exchange for all Debentures may issue and the Trustee shall authenticate new Debentures that reflect the amendment or waiver. Failure to make the appropriate notation or issue a new Debenture shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.6 TRUSTEE PROTECTED.

The Trustee shall sign all supplemental indentures authorized by this Indenture, except that the Trustee need not sign any supplemental indenture that adversely affects its rights. In signing or refusing to sign such supplemental indenture, the Trustee shall be entitled to receive an Officers' Certificate and Opinion of Counsel to the effect that such supplemental indenture is authorized or permitted by this Indenture and will be valid and binding on the Company in accordance with its terms.

ARTICLE 10.

CONVERSION

SECTION 10.1 CONVERSION PRIVILEGE.

Each Holder may, at such Holder's option, at any time prior to the close of business on February 1, 2007, unless earlier redeemed or repurchased, convert such Holder's Debentures, in whole or in part (in denominations of \$1,000 or multiples thereof), at 100% of the principal amount so converted, into shares of Common Stock at a conversion price per share equal to \$19.25, as such conversion price may be adjusted from time to time in accordance with this Article 10 (the "CONVERSION PRICE").

SECTION 10.2 CONVERSION PROCEDURE.

To convert a Debenture, the Holder thereof must (1) complete and sign the "Form of Election to Convert" thereon (unless such Holder is The Depository Trust Company ("DTC") or its nominee, in which case the customary procedures of DTC will apply), (2) surrender such Debenture to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Registrar or the Conversion Agent, (4) pay any transfer or similar tax if required by Section 10.6 and (5) make any payment required by the first proviso to the third sentence of this paragraph. The Company's delivery to the Holder of a fixed number of shares of Common Stock (and any cash in lieu of fractional shares of Common Stock into which such

Debenture is converted) shall be deemed to satisfy the Company's obligation to pay the principal amount of such Debenture and, except as provided in the next sentence, all accrued interest on such Debenture. If such Debenture (including a Debenture which has been called for redemption and even if a Change of Control Offer has been made) is converted after a regular interest payment record date and prior to the related Interest Payment Date, the full interest installment on such Debenture scheduled to be paid on such Interest Payment Date shall be payable on such Interest Payment Date to the Holder of record at the close of business on such record date.

As promptly as practicable after the surrender of a Debenture in compliance with this Section 10.2, the Company shall issue and deliver at the office or agency of the Registrar or the Conversion Agent to such Holder, or on such Holder's written order, a certificate or certificates for the full number of whole shares of Common Stock issuable upon the conversion of such Debenture in accordance with the provisions of this Article 10 and a check or cash with respect to any fractional share of Common Stock arising upon such conversion as provided in Section 10.3. In case any Debenture of a denomination greater than \$1,000 shall be surrendered for partial conversion, then, subject to Article 2, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of the Debenture so surrendered, without charge to such Holder, a new Debenture or Debentures in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Debenture.

Each conversion shall be deemed to have been effected on the date on which such Debenture shall have been surrendered in compliance with this Section 10.2, and the Person in whose name any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become on said date the holder of record of the shares of Common Stock represented thereby for all purposes; provided, however, that no surrender of a Debenture on any date when the stock transfer books of the Company shall be closed shall be effective to constitute the Person or Persons entitled to receive such shares upon such conversion as the record holder or holders of such shares on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open and, in any such case, such conversion shall be at the Conversion Price in effect on the date on which such Debenture shall have been surrendered.

If the last day on which a Debenture may be converted is not a Business Day, the Debenture may be surrendered to that Conversion Agent on the next succeeding Business Day.

Provisions of this Indenture that apply to conversion of all of a Debenture also apply to conversion of a portion of such Debenture.

SECTION 10.3 CASH PAYMENTS IN LIEU OF FRACTIONAL SHARES.

No fractional shares of Common Stock or scrip representing fractional shares of Common Stock shall be issued upon conversion of Debentures. If more than one Debenture shall be

surrendered for conversion at one time by the same Holder, the full number of whole shares of Common Stock which shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of Debentures (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional share of Common Stock would be issuable upon the conversion of any Debenture or Debentures, the Company shall make an adjustment therefor in cash at the Current Market Price of the Common Stock as of the close of business on the Business Day prior to such conversion.

SECTION 10.4 ADJUSTMENT OF CONVERSION PRICE.

(a) If the Company shall (i) pay a dividend or other distribution, in Common Stock, on any class of Capital Stock of the Company or any Subsidiary which is not wholly owned by the Company, (ii) subdivide the outstanding Common Stock into a greater number of shares by any means or (iii) combine the outstanding Common Stock into a smaller number of shares by any means (including, without limitation, a reverse stock split), then in each such case the Conversion Price in effect immediately prior thereto shall be adjusted so that the Holder of any Debenture thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock that such Holder would have owned or have been entitled to receive upon the happening of such event had such Debenture been converted immediately prior to the relevant record date or, if there is no such record date, the effective date of such event. An adjustment made pursuant to this Section 10.4(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date of such subdivision or combination, as the case may be.

(b) If the Company shall (i) issue or distribute (at a price per share less than the Current Market Price per share of such Capital Stock on the date of such issuance or distribution) Capital Stock generally to holders of Common Stock or to holders of any class or series of Capital Stock which is convertible into or exchangeable or exercisable for Common Stock (excluding an issuance or distribution of Common Stock described in Section 10.4(a)) or (ii) issue or distribute generally to such holders rights, warrants, options or convertible or exchangeable securities entitling the holder thereof to subscribe for, purchase, convert into or exchange for Capital Stock at a price per share less than the Current Market Price per share of such Capital Stock on the date of issuance or distribution, then, in each such case, at the earliest of (A) the date the Company enters into a firm contract for such issuance or distribution, (B) the record date for the determination of stockholders entitled to receive any such Capital Stock or any such rights, warrants, options or convertible or exchangeable securities or (C) the date of actual issuance or distribution of any such Capital Stock or any such rights, warrants, options or convertible or exchangeable securities, the Conversion Price shall be reduced by multiplying the Conversion Price in effect immediately prior to such earliest date by:

(x) if such Capital Stock is Common Stock, a fraction the numerator of which is the number of shares of Common Stock outstanding on such earliest date plus the number of shares of Common Stock which could be purchased at the Current Market Price per share

of Common Stock on the date of such issuance or distribution with the aggregate consideration (based on the Fair Market Value thereof) received or receivable by the Company either (A) in connection with such issuance or distribution or (B) upon the conversion, exchange, purchase or subscription of all such rights, warrants, options or convertible or exchangeable securities (the "AGGREGATE CONSIDERATION"), and the denominator of which is the number of shares of Common Stock outstanding on such earliest date plus the number of shares of Common Stock to be so issued or distributed or to be issued upon the conversion, exchange, purchase or subscription of all such rights, warrants, options or convertible or exchangeable securities; or

(y) if such Capital Stock is other than Common Stock, a fraction the numerator of which is the Current Market Price per share of Common Stock on such earliest date minus an amount equal to (A) the sum of (1) the Current Market Price per share of such Capital Stock multiplied by the number of shares of such Capital Stock to be so issued minus (2) the Aggregate Consideration, divided by (B) the number of shares of Common Stock outstanding on such date, and the denominator of which is the Current Market Price per share of Common Stock on such earliest date.

Such adjustment shall be made successively whenever any such Capital Stock, rights, warrants, options or convertible or exchangeable securities are so issued or distributed. In determining whether any rights, warrants, options or convertible or exchangeable securities entitle the holders thereof to subscribe for, purchase, convert into or exchange for shares of such Capital Stock at less than such Current Market Price, there shall be taken into account the Fair Market Value of any consideration received or receivable by the Company for such rights, warrants, options or convertible or exchangeable securities. If any right, warrant, option or convertible or exchangeable securities, the issuance of which resulted in an adjustment in the Conversion Price pursuant to this Section 10.4(b), shall expire and shall not have been exercised, the Conversion Price shall immediately upon such expiration be recomputed to the Conversion Price which would have been in effect if such right, warrant, option or convertible or exchangeable securities had never been distributed or issued. Notwithstanding anything contained in this paragraph to the contrary, the issuance of Capital Stock upon the exercise of such rights, warrants or options or the conversion or exchange of such convertible or exchangeable securities will not cause an adjustment in the Conversion Price if no such adjustment would have been required at the time such right, warrant, option or convertible or exchangeable security was issued or distributed; provided, however, that, if the consideration payable upon such exercise, conversion or exchange and/or the Capital Stock receivable thereupon are changed after the time of the issuance or distribution of such right, warrant, option or convertible or exchangeable security, then such change shall be deemed to be the expiration thereof without having been exercised and the issuance or distribution of new options, rights, warrants or convertible or exchangeable securities.

Notwithstanding anything contained in this Indenture to the contrary, options, rights or warrants issued or distributed by the Company, including options, rights or warrants distributed prior to the date of this Indenture, to holders of Common Stock generally which, until the occurrence of a specified event or events (a "TRIGGER EVENT"), (i) are deemed to be transferred

with Common Stock, (ii) are not exercisable and (iii) are also issued on a pro rata basis with respect to future issuances of Common Stock, shall be deemed not to have been issued or distributed for purposes of this Section 10.4 (and no adjustment to the Conversion Price under this Section 10.4 will be required) until the occurrence of the earliest Trigger Event, whereupon such options, rights and warrants shall be deemed to have been distributed and an adjustment (if any is required) to the Conversion Price shall be made in accordance with this Section 10.4(b). If any such option, right or warrant, including any such options, rights or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such options, rights or warrants become exercisable to purchase different securities, evidences of indebtedness, cash, Properties or other assets or different amounts thereof, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and record date with respect to new options, rights or warrants with such new purchase rights (and a termination or expiration of the existing options, rights or warrants without exercise thereof). In addition, in the event of any distribution (or deemed distribution) of options, rights or warrants, or any Trigger Event or other event of the type described in the preceding sentence, that required (or would have required but for the provisions of Section 10.4(e)) an adjustment to the Conversion Price under this Section 10.4 which was in fact made and such options, rights or warrants shall thereafter have been redeemed or repurchased without having been exercised, then the Conversion Price shall be readjusted upon such redemption or repurchase to give effect to such distribution, Trigger Event or other event, as the case may be, as though it had instead been a cash distribution, equal on a per share basis to the result of the aggregate redemption or repurchase price received by holders of such options, rights or warrants divided by the number of shares of Common Stock outstanding as of the date of such repurchase or redemption, made to holders of Common Stock generally as of the date of such redemption or repurchase. For purposes of this paragraph, the earlier of the Distribution Date, Redemption Date or Final Expiration Date shall be deemed to be a Trigger Event with respect to the Rights and the Flip-in Event shall be deemed to be an event described in the second sentence of this paragraph.

Notwithstanding anything contained in this Section 10.4(b) to the contrary, no adjustment shall be made in the Conversion Price pursuant to this Section 10.4(b) with respect to the issuance of Common Stock or options or other rights to purchase Common Stock pursuant to any employee stock purchase, bonus, award, grant, option or ownership plan (including, without limitation, an employee stock ownership plan which is part of an employee benefit plan qualified under Section 401 of the Internal Revenue Code of 1986, as amended (the "CODE"), an employee stock option or incentive stock option plan qualified under Section 422 of the Code and a restricted stock plan), including the issuance of Common Stock upon the exercise of such options; provided, that, for purposes of this paragraph, the term "employee" includes directors, consultants and advisors and the term "plan" means a plan, program or arrangement in which 5 or more Persons are eligible to participate (or, if only directors of the Company are eligible to participate and there are fewer than 5 such directors, in which all of such directors are eligible to participate).

(c) If the Company shall pay or distribute, as a dividend or otherwise, generally to holders of Common Stock or any class or series of Capital Stock which is convertible into or exercisable or exchangeable for Common Stock any assets, Properties or rights (including, without

limitation, evidences of indebtedness of the Company, any Subsidiary or any other Person, cash or Capital Stock or other securities of the Company, any Subsidiary or any other Person, but excluding payments and distributions as described in Section 10.4(a) or 10.4(b), dividends and distributions in connection with the liquidation, dissolution or winding up of the Company in its entirety and distributions consisting solely of cash described in Section 10.4(d)), then in each such case the Conversion Price shall be reduced by multiplying the Conversion Price in effect immediately prior to the date of such payment or distribution by a fraction, the numerator of which is the Current Market Price per share of Common Stock on the record date for the determination of stockholders entitled to receive such payment or distribution less the Fair Market Value per share on such record date of the assets, Properties or rights so paid or distributed, and the denominator of which is the Current Market Price per share of Common Stock on such record date. Such adjustment shall become effective immediately after such record date. For purposes of this Section 10.4(c), such Fair Market Value per share shall equal the aggregate Fair Market Value on such record date of the assets, Properties or rights so paid or distributed divided by the number of shares of Common Stock outstanding on such record date.

(d) If the Company shall, by dividend or otherwise, make a distribution (other than in connection with the liquidation, dissolution or winding up of the Company in its entirety), generally to holders of Common Stock or any class or series of Capital Stock which is convertible into or exercisable or exchangeable for Common Stock, consisting solely of cash where (x) the sum of (i) the aggregate amount of such cash plus (ii) the aggregate amount of all cash so distributed (by dividend or otherwise) to such holders within the 12-month period ending on the record date for determining stockholders entitled to receive such distribution with respect to which no adjustment has been made to the Conversion Price pursuant to this Section 10.4(d) exceeds (y) 10% of the result of the multiplication of (1) the Current Market Price per share of Common Stock on such record date times (2) the number of shares of Common Stock outstanding on such record date, then the Conversion Price shall be reduced, effective immediately prior to the opening of business on the day following such record date, by multiplying the Conversion Price in effect immediately prior to the close of business on the day prior to such record date by a fraction, the numerator of which is the Current Market Price per share of Common Stock on such record date less the aggregate amount of cash per share so distributed and the denominator of which is such Current Market Price; provided, however, that, if the aggregate amount of cash per share is equal to or greater than such Current Market Price, then, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion (with respect to each share of Common Stock issued upon such conversion and in addition to the Common Stock issuable upon conversion) the aggregate amount of cash per share such Holder would have received had such Holder's Debenture been converted immediately prior to such record date. In no event shall the Conversion Price be increased pursuant to this Section 10.4(d); provided, however, that if such distribution is not so made, the Conversion Price shall be adjusted to be the Conversion Price which would have been in effect if such distribution had not been declared. For purposes of this paragraph of this Section 10.4(d), such aggregate amount of cash per share shall equal such sum divided by the number of shares of Common Stock outstanding on such record date.

(e) The provisions of this Section 10.4 shall similarly apply to all successive events of the type described in this Section 10.4. Notwithstanding anything contained herein to the contrary, no adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this Section 10.4(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be, and the Trustee shall be entitled to rely conclusively thereon. Notwithstanding anything contained in this Section 10.4 to the contrary, the Company shall be entitled to make such reductions in the Conversion Price, in addition to those required by this Section 10.4, as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, distribution of rights to purchase stock or securities, or distribution of securities convertible into or exchangeable for stock hereafter made by the Company to its stockholders shall not be taxable. Except as provided in this Article 10, no adjustment in the Conversion Price will be made for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase Common Stock or any securities so convertible or exchangeable.

(f) Whenever the Conversion Price is adjusted as provided herein, the Company shall promptly file with the Trustee and any Conversion Agent other than the Trustee an Officers' Certificate setting forth the Conversion Price in effect after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Promptly after delivery of such Officers' Certificate, the Company shall give or cause to be given to each Holder a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the date on which such adjustment becomes effective.

(g) Notwithstanding anything contained herein to the contrary, in any case in which this Section 10.4 provides that an adjustment in the Conversion Price shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Debenture converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the number of shares of Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fractional share of Common Stock pursuant to Section 10.3.

SECTION 10.5 EFFECT OF RECLASSIFICATION, CONSOLIDATION, MERGER OR SALE.

In the event of (i) any reclassification (including, without limitation, a reclassification effected by means of an exchange or tender offer by the Company or any Subsidiary) or change of outstanding Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), (ii) any consolidation, merger or combination of the Company with another corporation as a result of which holders of Common Stock shall be entitled to receive securities or other Property (including

cash) with respect to or in exchange for Common Stock or (iii) any sale or conveyance of the Property of the Company as, or substantially as, an entirety to any other corporation as a result of which holders of Common Stock shall be entitled to receive securities or other Property (including cash) with respect to or in exchange for Common Stock, then the Company or the successor or purchasing corporation, as the case may be, shall enter into a supplemental indenture providing that each Debenture shall be convertible into the kind and amount of securities or other Property (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance which the Holder of such Debenture would have received if such Debenture had been converted immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 10.

Whenever a supplemental indenture is entered into as provided herein, the Company shall promptly file with the Trustee and any Conversion Agent other than the Trustee an Officers' Certificate setting forth a brief statement of the facts requiring such supplemental indenture. Promptly after delivery of such Officers' Certificate, the Company shall give or cause to be given to each Holder a notice of the execution of such supplemental indenture.

The provisions of this Section 10.5 shall similarly apply to all successive events of the type described in this Section 10.5.

SECTION 10.6 TAXES ON SHARES ISSUED.

The issuance of a certificate or certificates on conversions of Debentures shall be made without charge to the Holders of such Debentures for any tax or charge with respect to the issuance thereof. The Company shall not, however, be required to pay any tax or charge which may be payable with respect to any transfer involved in the issuance and delivery of a certificate or certificates in any name other than that of the Holders of such Debentures, and the Company shall not be required to issue or deliver any such certificate or certificates unless and until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or charge or shall have established to the satisfaction of the Company that such tax or charge has been paid.

SECTION 10.7 RESERVATION OF SHARES; SHARES TO BE FULLY PAID; COMPLIANCE WITH ----- GOVERNMENT REQUIREMENTS; LISTING OF COMMON STOCK. -----

The Company shall reserve, out of its authorized but unissued Common Stock or its Common Stock held in treasury, sufficient shares of Common Stock to provide for the conversion of all of the Debentures that are outstanding from time to time.

Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value, if any, of the Common Stock issuable upon conversion of Debentures, the Company will take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue Common Stock at such adjusted Conversion Price.

The Company covenants that all Common Stock which may be issued upon conversion of Debentures will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance and delivery thereof.

The Company covenants that if any Common Stock issued or delivered upon conversion of Debentures hereunder require registration with or approval of any governmental authority under any applicable federal or state law (excluding federal or state securities laws) before such Common Stock may be lawfully issued, the Company will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be.

The Company covenants that it will not take any action which would cause the exemption from the registration requirement of Section 5 of the Securities Act afforded by Section 3(a)(9) of the Securities Act to be unavailable with respect to the issuance and delivery of Common Stock upon the conversion of Debentures in accordance with this Indenture.

SECTION 10.8 RESPONSIBILITY OF TRUSTEE REQUIREMENTS.

The Trustee and any other Conversion Agent shall not at any time be under any duty or responsibility to any Holder to determine whether any fact exists which may require any adjustment of the Conversion Price or other adjustment, or with respect to the nature, extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making any such adjustment, or with respect to the correctness thereof. The Trustee and any other Conversion Agent shall not be accountable with respect to the validity, value, kind or amount of any item at any time issued or delivered upon the conversion of any Debenture, and neither the Trustee nor any other Conversion Agent makes any representations with respect thereto. Subject to Section 7.1, neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any item upon the surrender of any Debenture for conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article 10. Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 10.5, but, subject to the provisions of Section 7.1, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate with respect thereto.

SECTION 10.9 NOTICE TO HOLDERS PRIOR TO CERTAIN ACTIONS.

In the event that:

(a) the Company shall declare or authorize any event which could result in an adjustment in the Conversion Price under Section 10.4 or require the execution of a supplemental indenture under Section 10.5; or

(b) the Company shall authorize the granting to the holders of Common Stock generally of rights, options or warrants to subscribe for or purchase any shares of any class or series of Capital Stock of the Company or any Subsidiary or any other rights, options or warrants, the reclassification of Common Stock (other than a subdivision or combination of outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), the combination, consolidation or merger of the Company for which approval of any stockholders of the Company is required, the sale or transfer of all or substantially all of the assets of the Company or the voluntary or involuntary dissolution, liquidation or winding-up of the Company in whole or in part;

then, in each such case, the Company shall file or cause to be filed with the Trustee and shall give or cause to be given to each Holder, as promptly as possible but in any event at least 15 days prior to the applicable date hereinafter specified, a notice stating the date on which a record is to be taken for the purpose of determining the holders of outstanding Common Stock entitled to participate in such event, the date on which such event is expected to become effective or occur and the date on which it is expected that holders of outstanding Common Stock of record shall be entitled to surrender their shares, or receive any items, in connection with such event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

ARTICLE 11.

SUBORDINATION

SECTION 11.1 AGREEMENT TO SUBORDINATE.

The Company covenants and agrees, and each Holder, by such Holder's acceptance of a Debenture, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Article 11, the indebtedness represented by the Debentures and the payment of the Principal and repurchase price, if any, of and interest on each and all of the Debentures are hereby expressly made subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness.

No provision of this Article 11 shall prevent the occurrence of any Default or Event of Default hereunder.

SECTION 11.2 PAYMENT OVER OF PROCEEDS UPON DISSOLUTION, ETC.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its creditors, as such, or to its assets, or (b) any liquidation, dissolution or other winding-up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the Company, then and in any such event the holders of Senior Indebtedness shall be entitled to receive payment in full of all amounts due or to become due on or with respect to all Senior Indebtedness, or provision shall be made for such payment in money or money's worth, before the Holders are entitled to receive any payment on account of Principal or repurchase price, if any, of or interest on the Debentures, and to that end the holders of Senior Indebtedness shall be entitled to receive, for application to the payment thereof, any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable with respect to the Debentures in any such case, proceeding, liquidation, dissolution or other winding up or event.

In the event that, notwithstanding the foregoing provisions of this Section 11.2, the Trustee or any Holder shall have received any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, before all Senior Indebtedness is paid in full or payment thereof provided for, and if such fact shall, at or prior to the time of such payment or distribution, have been made known to the Trustee or, as the case may be, such Holder, then and in such event such payment or distribution shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other Person making payment or distribution of assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

The consolidation of the Company with, or the merger of the Company into, another Person or the liquidation or dissolution of the Company following the conveyance or transfer of its properties and assets substantially as an entirety to another Person upon the terms and conditions set forth in Article 5 shall not be deemed a dissolution, winding-up, liquidation, reorganization, assignment for the benefit of creditors or marshalling of assets and liabilities of the Company for the purposes of this Section 11.2 if the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer such properties and assets substantially as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions set forth in Article 5.

SECTION 11.3 PRIOR PAYMENT TO SENIOR INDEBTEDNESS UPON ACCELERATION OF

DEBENTURES.

In the event that any Debentures are declared due and payable before their stated maturity, then and in such event the holders of Senior Indebtedness outstanding at the time such Debentures so become due and payable shall be entitled to receive payment in full of all amounts due or to become due on or with respect to such Senior Indebtedness, or provision shall be made for such payment in money or money's worth, before the Holders are entitled to receive any payment by the Company on account of the Principal or repurchase price, if any, of or interest on the Debentures or on account of the purchase or other acquisition of Debentures.

In the event that, notwithstanding the foregoing, the Company shall make any payment to the Trustee or to any Holder prohibited by the foregoing provision of this Section 11.3, and if such fact shall, at or prior to the time of such payment, have been made known to the Trustee by written notice or, as the case may be such Holder, then and in such event such payment shall be paid over and delivered forthwith to the Company.

The provisions of this Section 11.3 shall not apply to any payment with respect to which Section 11.2 would be applicable.

SECTION 11.4 NO PAYMENT WHEN SENIOR INDEBTEDNESS IN DEFAULT.

(a) In the event and during the continuation of any default in the payment of principal of or interest on any Senior Indebtedness beyond any applicable grace period with respect thereto, or in the event that any event of default with respect to any Senior Indebtedness shall have occurred and be continuing permitting the holders of such Senior Indebtedness (or a trustee on behalf of the holders thereof) to declare such Senior indebtedness due and payable prior to the date on which it would otherwise have become due and payable, unless and until such event of default shall have been cured or waived or shall have ceased to exist or the Company and the Trustee shall have received written notice from the Representative of the Senior Indebtedness with respect to which such event of default relates approving payment on the Debentures, then no payment shall be made by the Company with respect to the Principal or repurchase price, if any, or interest on the Debentures or to acquire any of the Debentures; provided that no such default will prevent any payment on, or with respect to, the Debentures for more than 120 days unless the maturity of such Senior Indebtedness has been accelerated. Not more than one such 120 day delay may be made in any consecutive 360 day period, irrespective of the number of defaults with respect to Senior Indebtedness during such period.

In the event that, notwithstanding the foregoing, the Company shall make any payment to the Trustee or to any Holder prohibited by the foregoing provision of this Section 11.4, and if such fact shall, at or prior to the time of such payment, have been made known to the Trustee by written notice or, as the case may be such Holder, then and in such event such payment shall be paid over and delivered forthwith to the Company.

The provisions of this Section 11.4 shall not apply to any payment with respect to which Section 11.2 would be applicable.

SECTION 11.5 PAYMENT PERMITTED IF NO DEFAULT.

Nothing contained in this Article 11 or elsewhere in this Indenture or in any of the Debentures shall prevent (a) the Company, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding-up, assignment for the benefit of creditors or other marshalling of assets and liabilities of the Company referred to in Section 11.2 or under the conditions described in Section 11.3 or 11.4, from making payments at any time of Principal or repurchase price, if any, of or interest on the Debentures or (b) the application by the Trustee of any money deposited with it hereunder to the payment of or on account of the Principal or repurchase price, if any, of or interest on the Debentures or the retention of any such payment by the Holders, if, at the time of the application by the Trustee, it did not have knowledge that such payment would have been prohibited by the provisions of this Article 11.

SECTION 11.6 SUBROGATION TO RIGHTS OF HOLDERS OF SENIOR INDEBTEDNESS.

Subject to the payment in full of all Senior Indebtedness, the Holders shall be subrogated to the extent of the payments or distributions made to the holders of such Senior Indebtedness pursuant to the provisions of this Article 11 (equally and ratably with the holders of all indebtedness of the Company which is not Senior Indebtedness and which is entitled to like rights of subrogation) to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the Principal or repurchase price, if any, of and interest on the Debentures shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness of any cash, property or securities to which the Holders or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the holders of Senior Indebtedness by Holders or the Trustee, shall, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders be deemed to be a payment or distribution by the Company to or on account of Senior Indebtedness.

SECTION 11.7 PROVISIONS SOLELY TO DEFINE RELATIVE RIGHTS.

The provisions of this Article 11 are and are intended solely for the purpose of defining the relative rights of the Holders on the one hand and the holders of Senior Indebtedness on the other hand. Nothing contained in this Article 11 or elsewhere in this Indenture or in the Debentures is intended to or shall: (a) impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders, the obligation of the Company, which is absolute and unconditional (and which, subject to the rights under this Article 11 of the holders of Senior Indebtedness, is intended to rank equally with all other general obligations of the Company), to

pay to the Holders the Principal or repurchase price, if any, of and interest on the Debentures as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against the Company of the Holders and creditors of the Company other than the holders of Senior Indebtedness; or (c) prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 11 of the holders of Senior Indebtedness to receive cash, property and securities otherwise payable or deliverable to the Trustee or such Holder.

SECTION 11.8 TRUSTEE TO EFFECTUATE SUBORDINATION.

Each Holder of a Debenture by acceptance thereof authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article 11 and appoints the Trustee as such Holder's attorney-in-fact for any and all such purposes.

SECTION 11.9 NO WAIVER OF SUBORDINATION PROVISIONS.

No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act by the Company or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders, without incurring responsibility to the Holders and without impairing or releasing the subordination provided in this Article 11 or the obligations hereunder of the Holders to the holders of Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness, or otherwise amend or supplement in any manner Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (iii) release any Person liable in any manner for the collection of Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

SECTION 11.10 NOTICE TO TRUSTEE.

The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee with respect to

the Debentures. Notwithstanding the provisions of this Article 11 or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee with respect to the Debentures, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness or from any Representative therefor, and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 7.1, shall be entitled in all respects to assume that no such facts exist; provided, however, that if the Trustee shall not have received the notice provided for in this Section 11.10 at least 10 Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (and premium, if any) or interest on any Debenture), then, notwithstanding anything herein contained to the contrary, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it during or after such 10 Business Day period.

Subject to the provisions of Section 7.1, the Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a Representative therefor) to establish that such notice has been given by a holder of Senior Indebtedness (or a Representative therefor). In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article 11, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article 11, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 11.11 RELIANCE ON JUDICIAL ORDER OR CERTIFICATE OF LIQUIDATING AGENT.

Upon any payment or distribution of assets of the Company referred to in this Article 11, the Trustee, subject to the provisions of Section 7.1, and the Holders shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding-up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 11.

SECTION 11.12 TRUSTEE NOT FIDUCIARY FOR HOLDERS OF SENIOR INDEBTEDNESS.

The Trustee shall not be deemed to owe any fiduciary duty to, or be subject to any implied covenants or obligations in favor of, the holders of Senior Indebtedness and shall not be liable to any such holders if it shall in good faith mistakenly pay over or distribute to Holders or to the Company or to any other Person cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article 11 or otherwise.

SECTION 11.13 RIGHTS OF TRUSTEE AS HOLDER OF SENIOR INDEBTEDNESS; PRESERVATION
-----OF TRUSTEE'S RIGHTS.

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article 11 with respect to any Senior Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article 11 shall subordinate to Senior Indebtedness the claims of, or payments to, the Trustee under or pursuant to Section 7.7.

SECTION 11.14 ARTICLE APPLICABLE TO PAYING AGENTS.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "TRUSTEE" as used in this Article 11 shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article 11 in addition to or in place of the Trustee; provided, however, that Section 11.13 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

SECTION 11.15 CERTAIN CONVERSIONS DEEMED PAYMENT.

For the purposes of this Article 11 only, (a) the issuance and delivery of Junior Securities upon conversion of Debentures in accordance with Article 10 shall not be deemed to constitute a payment or distribution on account of the Principal or repurchase price, if any, of or interest on Debentures or on account of the purchase or other acquisition of Debentures and (b) the payment, issuance or delivery of cash, property or securities (other than Junior Securities) upon conversion of a Debenture shall be deemed to constitute payment on account of the Principal of such Debenture. Nothing contained in this Article 11 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders, the right, which is absolute and unconditional, of a Holder to convert any Debenture in accordance with Article 10.

ARTICLE 12.

MEETINGS OF HOLDERS

SECTION 12.1 ACTION BY HOLDERS.

Whenever in this Indenture it is provided that the Holders of a specified percentage in aggregate principal amount of the Debentures may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the Holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by proxy appointed in writing or (b) by the record of the Holders voting in favor thereof at any meeting of Holders called and held in accordance with the provisions of this Article 12. Whenever the Company or the Trustee solicits the taking of action by the Holders, the Company or the Trustee may fix in advance of such solicitation a date as the record date for determining Holders entitled to take such action. If a record date is fixed, those and only those Persons who are Holders at the record date so fixed, or their proxies, shall be entitled to take such action regardless of whether they are Holders at the time of such action.

SECTION 12.2 PURPOSES FOR WHICH MEETINGS MAY BE CALLED.

A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article 12 for any of the following purposes:

- (a) to give any notice to the Company, or the Trustee, or to give any directions to the Trustee, or to waive or to consent to the waiving of any Default hereunder and its consequences, or to take any other action authorized to be taken by Holders pursuant to any of the provisions of Article 6;
- (b) to remove the Trustee or to appoint a successor Trustee pursuant to the provisions of Article 7;
- (c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to Section 9.2; or
- (d) to take any other action (i) authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Debentures under any other provision of this Indenture, or authorized or permitted by law or (ii) which the Trustee deems necessary or appropriate in connection with the administration of this Indenture.

SECTION 12.3 MANNER OF CALLING MEETINGS.

The Trustee may at any time call a meeting of Holders to take any action specified in Section 12.2, to be held at such time and at such place in the City of New York, New York or such other place as the Trustee shall determine. Notice of every meeting of Holders, setting forth the time and place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given by the Trustee, to the Company and to each Holder not less than 10 nor more than 60 days prior to the date fixed for such meeting.

Any meeting of Holders shall be valid without notice if the Holders of all Debentures then outstanding are present in person or by proxy, or if notice is waived before or after the meeting by all of the Holders and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

SECTION 12.4 CALL OF MEETINGS BY THE COMPANY OR HOLDERS.

In case at any time the Company or the Holders of not less than 10% in aggregate principal amount of the Debentures then outstanding, shall have requested the Trustee to call a meeting of Holders to take any action specified in Section 12.2, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have given the notice of such meeting within 20 days after receipt of such request, then the Company or the Holders of Debentures in the amount above specified may determine the time and place in the City of New York, New York for such meeting and may call such meeting for the purpose of taking such action, by giving or causing to be given notice thereof as provided in Section 12.3.

SECTION 12.5 WHO MAY ATTEND AND VOTE AT MEETINGS.

To be entitled to vote at any meeting of Holders, a person shall be (a) a Holder on the record date for such meeting or, if there is no such record date, on the date of such meeting or (b) a Person appointed by an instrument in writing as proxy for one or more of such Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 12.6 REGULATIONS MAY BE MADE BY TRUSTEE; CONDUCT OF THE MEETING; VOTING

RIGHTS; ADJOURNMENT.

Notwithstanding any other provision of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Debentures and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other

evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 12.4, in which case the Company or the Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in principal amount of the Debentures represented at the meeting and entitled to vote.

At any meeting each Holder or proxy shall be entitled to one vote for each \$1,000 principal amount of Debentures held or represented by such Holder or proxy, as the case may be; provided, however, that no vote shall be cast or counted at any meeting with respect to any Debentures challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Debentures held by such chairman or instruments in writing as aforesaid duly designating such chairman as the proxy to vote on behalf of other Holders. At any meeting of Holders, the presence (in person or by proxy) of Persons holding or representing a majority in aggregate principal amount of the Debentures then outstanding shall be sufficient for a quorum. Any meeting of Holders duly called pursuant to the provisions of Section 12.3 or 12.4 may be adjourned from time to time by vote of the Holders of a majority in aggregate principal amount of the Debentures represented at the meeting and entitled to vote, and the meeting may be held as so adjourned without further notice.

SECTION 12.7 VOTING AT THE MEETING AND RECORD TO BE KEPT.

The vote upon any resolution submitted to any meeting of Holders shall be by written ballots on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the principal amount of the Debentures voted by the ballot. The permanent chairman of the meeting shall appoint two inspectors of votes, who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to such record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts, setting forth a copy of the notice of the meeting and showing that such notice was given as provided in Section 12.3 or 12.4. The record shall be signed and verified by the affidavits of the permanent chairman and the secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

SECTION 12.8 EXERCISE OF RIGHTS OF TRUSTEE OR HOLDERS MAY NOT BE HINDERED OR

DELAYED BY CALL OF MEETING.

Nothing contained in this Article 12 shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Holders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Debentures.

SECTION 12.9 COMMUNICATION BY HOLDERS WITH OTHER HOLDERS.

Holders may communicate pursuant to TIA ss. 312(b) with other Holders with respect to their rights under this Indenture or the Debentures. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA ss. 312(c).

ARTICLE 13.

MISCELLANEOUS

SECTION 13.1 TRUST INDENTURE ACT CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with another provision which is required or deemed to be included in this Indenture by the TIA, the required or deemed provision shall control.

SECTION 13.2 NOTICES.

Any notice or communication by the Company or the Trustee to the other shall be deemed to have been duly given if given in writing and delivered in person or mailed by first-class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery addressed as follows:

if to the Company:

Lomak Petroleum, Inc.
500 Throckmorton Street
Suite 2104
Fort Worth, Texas 76102
Fax No.: (817) 870-2601
Attention: President

if to the Trustee:

Keycorp Shareholder Services, Inc.
127 Public Square
15th Floor
Cleveland, Ohio 44114-1306
Fax. No.: (216) 689-5440
Attention: Mr. Michael Lang

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be in writing and shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its last address shown on the Register. Any notice or communication shall also be so mailed to any Person described in TIA ss. 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is given in the manner provided above within the time prescribed, it shall be deemed to have been duly given, whether or not received by the addressee.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 13.3 CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) at the Trustee's request, an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 13.4 STATEMENTS REQUIRED IN CERTIFICATE OR OPINION OF COUNSEL.

Each Officers' Certificate or Opinion of Counsel with respect to compliance with a condition or covenant in this Indenture shall include:

(a) a statement that each Person executing such Officers' Certificate or Opinion of Counsel has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Officers' Certificate or Opinion of Counsel are based;

(c) a statement that, in the opinion of each such Person, such examination or investigation has been made as is necessary to enable it to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with; provided, however, that an Opinion of Counsel may be based, insofar as it relates to factual matters, on a certificate or certificates of public officials, a legal opinion of counsel employed by the Company or a Subsidiary or a certificate of or representations by an Officer or Officers unless counsel rendering such Opinion of Counsel actually knows that such certificate, legal opinion or representation is erroneous.

SECTION 13.5 RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar, Paying Agent or Conversion Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 13.6 LEGAL HOLIDAYS.

If a payment date is not a Business Day at a place of payment, payment may be made at such place of payment on the next succeeding Business Day, and no additional interest shall accrue for the intervening period.

SECTION 13.7 NO RECOURSE AGAINST OTHERS.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Debentures or this Indenture or for any claim based on, with respect to or by reason of such obligations or their creation including with respect to any certificate delivered thereunder or hereunder. Each Holder by accepting a Debenture waives and releases all such liability. The waiver and release contained in this Section 13.7 are part of the consideration for the Company's issuance of the Debentures.

SECTION 13.8 COUNTERPARTS.

This Indenture may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 13.9 GOVERNING LAW.

THE INTERNAL LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS INDENTURE AND THE DEBENTURES, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

SECTION 13.10 NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or a Subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 13.11 SUCCESSORS.

All agreements of the Company in this Indenture and the Debentures shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 13.12 SEVERABILITY.

In case any provision of this Indenture or in the Debentures shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 13.13 TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents and headings of the Articles and Sections have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed as of the day and year first above written.

LOMAK PETROLEUM, INC.

By:

Name:
Title:

Attest:

Name:

KEYCORP SHAREHOLDER SERVICES, INC.

By:

Name:
Title:

Attest:

Name:

[Face of Debenture]

LOMAK PETROLEUM, INC.

___% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2007

[Global Securities Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Securities Legend]

THIS DEBENTURE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS DEBENTURE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION. EACH PURCHASER OF THIS DEBENTURE IS HEREBY NOTIFIED THAT THE SELLER OF THIS DEBENTURE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS DEBENTURE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS DEBENTURE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (IV) TO THE COMPANY OR (V) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS DEBENTURE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

[Institutional Accredited Investor Legend]

IN CONNECTION WITH ANY TRANSFER OF THIS DEBENTURE, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

CUSIP No. 541509 AB 1

No. _____ \$ _____

LOMAK PETROLEUM, INC. promises to pay to _____ or registered assigns, the principal sum of _____ Dollars on February 1, 2007.

Interest Payment Dates: February 1 and August 1, commencing February 1, 1997.

Record Dates: January 15 and July 15.

Reference is made to the further provisions of this Debenture set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

LOMAK PETROLEUM, INC.

By: _____
Chairman

(SEAL)

ATTEST:

By: _____
Secretary

Authentication:

This is one of the Debentures referred to in the within-mentioned Indenture:

KEYCORP SHAREHOLDER SERVICES, INC.,
as Trustee

By: _____
Authorized Signature

Dated: _____

[Reverse Side]

Capitalized terms used herein without definition shall have the meanings ascribed to them in the Indenture dated as of December 20, 1996 between Lomak Petroleum, Inc., a Delaware corporation, and Keycorp Shareholder Services, Inc., as trustee, as amended from time to time in accordance with its terms (the "Indenture").

1. INTEREST.

(a) The Company shall pay interest on the outstanding principal amount of this Debenture at the rate of 6% per annum from the date of original issuance of any Debentures under the Indenture until maturity. The Company will pay interest semi-annually on February 1 and August 1 of each year commencing February 1, 1997, or if any such day is not a Business Day, on the next succeeding Business Day. Interest on the Debentures will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from the date of original issuance of any Debentures under the Indenture; provided, however, that if there is no existing Default in the payment of interest and this Debenture is authenticated between a record date shown on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

(b) To the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on (i) overdue Principal or repurchase price, if any, of the Debentures at the rate borne by the Debentures and (ii) overdue installments of interest on the Debentures at the rate borne by the Debentures.

2. METHOD OF PAYMENT. The Company will pay interest (except defaulted interest) on the Debentures to Holders at the close of business on the record date shown on the face hereof next preceding the applicable Interest Payment Date (even if such Debentures are cancelled after such record date and on or before such Interest Payment Date), except as provided in Section 10.2 of the Indenture. Defaulted interest shall be paid to Holders as of a special record date established for purposes of determining the Holders entitled thereto. The Debentures will be payable as to Principal, repurchase price and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, as set forth in the Indenture, or, at the option of the Company, payment of interest may be made by check mailed to the Holders at their addresses set forth in the Register, and provided that payment by wire transfer of immediately available funds will be required with respect to Principal of and interest on the Global Security. Such payment shall be in the currency of the United States of America which at the time of payment is legal tender for payment of public and private debts.

3. PAYING AGENT, REGISTRAR AND CONVERSION AGENT. Initially, the Trustee will act as Paying Agent, Registrar and Conversion Agent. The Company may change any Paying Agent, Registrar or Conversion Agent without notice to any Holder. The Company or any Subsidiary may act in any such capacity.

4. INDENTURE. The Company issued the Debentures under the Indenture. The terms of the Debentures include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939. The Debentures are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act of 1939 for a statement of such terms. The Debentures are general unsecured obligations of the Company limited to \$55,000,000 in aggregate principal amount, subject to Section 2.7 of the Indenture.

5. OPTIONAL REDEMPTION BY THE COMPANY. The Debentures are not subject to redemption at the option of the Company prior to February 1, 2000. Thereafter, the Debentures will be redeemable at any time prior to maturity at the option of the Company, in whole or in part from time to time, upon not less than 30 days' nor more than 60 days' prior notice to the Holders at the redemption prices (expressed as percentages of principal amount) set forth below:

AFTER FEBRUARY 1, -----	PERCENTAGE -----
2000	104.0
2001	103.5
2002	103.0
2003	102.5
2004	102.0
2005	101.5
2006	101.0

in each case together with accrued but unpaid interest, if any, up to but not including the redemption date.

6. MANDATORY REDEMPTION. Except as set forth in paragraph 7 below, the Company shall not be required to make mandatory redemptions with respect to the Debentures.

7. REPURCHASE AT THE OPTION OF HOLDER. Upon a Change of Control, the Company shall offer to repurchase all then outstanding Debentures at a repurchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the Change of Control Payment Date, if any. Within 30 days after a Change of Control, the Company shall mail a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture. A Holder may tender or refrain from tendering all or any portion of such Holder's Debentures, at such Holder's discretion, by completing and signing the form entitled "Option of Holder to Elect Repurchase" below and delivering such form, together with the Debentures with respect to which the repurchase right is being exercised, duly endorsed for transfer to the Company, to the Paying Agent. Any partial tender of Debentures must be made in an integral multiple of \$1,000.

8. CONVERSION. To convert a Debenture, the Holder thereof must (i) complete and sign the "Form of Election to Convert" below (unless such Holder is DTC, in which case the customary procedures of DTC will apply), (ii) surrender such Debenture to the Conversion Agent, (iii) furnish appropriate endorsements and transfer documents if required by the Registrar or the Conversion Agent, (iv) pay any transfer or similar tax if required by Section 10.6 of the Indenture and (v) make the payment described in the next sentence. If this Debenture (even if this Debenture has been called for redemption or a Change of Control Offer has been made) is converted after a regular interest payment record date and prior to the related Interest Payment Date, the full interest installment on this Debenture scheduled to be paid on such Interest Payment Date shall be payable on such Interest Payment Date to the Holder of this Debenture at the close of business on such record date. No fractional shares of Common Stock will be issued upon conversion, but an adjustment in cash will be made, as provided in the Indenture, with respect to any fractional share which would otherwise be issuable upon conversion. A Holder is not entitled to any rights of a holder of Common Stock until such Holder has converted its Debentures into Common Stock as provided in the Indenture.

9. SUBORDINATION. The Debentures are subordinated to Senior Indebtedness. To the extent provided in the Indenture, Senior Indebtedness must be paid before the Debentures may be paid. The Company agrees, and each Holder by accepting a Debenture agrees, to the subordination provisions contained in the Indenture and authorizes the Trustee to give effect to such provisions, and each Holder appoints the Trustee its attorney-in-fact for any and all such purposes.

10. DENOMINATIONS, TRANSFER, EXCHANGE. The Debentures are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. A Holder may transfer or exchange Debentures as provided in the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the exchange or transfer of any Debentures (or portion thereof) during the 15 day period (or shorter) preceding the mailing of a notice of redemption or any Debentures (or portion thereof) with respect to which a repurchase election has been tendered and not withdrawn by the Holder thereof in accordance with Section 4.6 of the Indenture.

11. PERSONS DEEMED OWNERS. The registered Holder of a Debenture may be treated as its owner for all purposes.

12. AMENDMENTS AND WAIVERS. Subject to certain exceptions, the Indenture or the Debentures may be amended with the consent of the Holders of at least a majority in aggregate principal amount of the Debentures then outstanding and any existing Default (except a payment default) may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the Debentures then outstanding. Without the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture or the Debentures to (i) cure any ambiguity, defect or inconsistency, provided that such amendment does not in the opinion of the Trustee adversely affect the rights of any Holder, (ii) provide for uncertificated Debentures in addition to or in lieu of certificated Debentures, (iii) comply with Sections 5.1 and 10.5 of the Indenture, (iv) make any change that does not adversely affect the rights of any Holder, (v) comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA and (vi) add to the covenants of the Company.

13. DEFAULTS AND REMEDIES. Events of Default include: (a) failure to pay any Principal or repurchase price, if any, of any Debenture when due and payable, whether at maturity, upon redemption, upon a Change of Control Offer or otherwise, whether or not such payment is prohibited by the subordination provisions of the Indenture; (b) failure to pay any interest on any Debenture when due and payable, which failure continues for 30 days, whether or not such payment is prohibited by the subordination provisions of the Indenture; (c) failure to perform the other covenants of the Company in the Indenture, which failure continues for 60 days after written notice as provided in the Indenture; (d) default in payment when due of Principal of, or acceleration of, any indebtedness for money borrowed by the Company or any Subsidiary in excess of \$5 million, individually or in the aggregate, if such indebtedness is not discharged, or such acceleration is not annulled, within 10 days after written notice as provided in the Indenture; and (e) certain events of bankruptcy, insolvency or reorganization of the Company or any Significant Subsidiary. If an Event of Default shall occur and be continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Debentures may accelerate the maturity of all Debentures, except that in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Debentures shall immediately so accelerate. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Debentures at the request or direction of any of the Holders. Subject to certain limitations, the Holders of a majority in aggregate principal amount of the outstanding Debentures will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. The Company must furnish an annual compliance certificate to the Trustee.

14. TRUSTEE DEALINGS WITH COMPANY. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if were not Trustee; provided, however, that if the Trustee acquires any conflicting interest as described in the Trust Indenture Act of 1939, it must eliminate such conflict or resign.

15. NO RECOURSE AGAINST OTHERS. A director, officer, employee, incorporator or stockholder of the Company, as such, shall not have any liability for any obligations of the Company under the Debentures or the Indenture or for any claim based on, with respect to, or by reason of, such obligations or their creation. Each Holder by accepting a Debenture waives and releases all such liability. The waiver and release contained in Article 13 of the Indenture are part of the consideration for the Company's issuance of the Debentures.

16. AUTHENTICATION. This Debenture shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

17. ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=Custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

18. ADDITIONAL RIGHTS OF HOLDERS OF TRANSFER RESTRICTED SECURITIES.

In addition to the rights provided to Holders of Debentures under the Indenture, Holders of Transfer Restricted Securities shall have all the rights set forth in the Registration Rights Agreement.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture and the Registration Rights Agreement. Requests may be made to:

Lomak Petroleum, Inc.
500 Throckmorton Street
Suite 2104
Fort Worth, Texas 76102
Attn: President

SCHEDULE OF EXCHANGES OF GLOBAL SECURITY
FOR DEFINITIVE SECURITIES

The following exchanges of this Global Security for Definitive Securities have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Security	Amount of increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease or increase)	Signature of authorized officer of Trustee or Debentures Custodian

FORM OF ELECTION TO CONVERT

I (we) hereby irrevocably exercise the option to convert this Debenture, or the portion below designated, into shares of Common Stock in accordance with the terms of the Indenture referred to in this Debenture, and direct that the shares issuable and deliverable upon conversion, together with any check in payment for fractional shares, be issued in the name of and delivered to the undersigned registered Holder hereof, unless a different name has been indicated below. If shares are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto.

Portion of this Debenture to be converted (if partial conversion, \$1,000 or an integral multiple thereof): \$

Signature:

(exactly as your name appears on the face of this Debenture)

Name:

Title:

Address:

Phone No.:

Date:

If shares are to be issued and registered in the name of a Person other than the undersigned, please print the name and address, including zip code, and social security or other taxpayer identification number of such Person below.

Name:

Address:

TIN/Social Security No:

Signature Guaranteed (if Common Stock to be issued to other than registered holders):

By:

This signature shall be guaranteed by an eligible guarantor institution (a bank or trust company having an office or correspondent in the United States or a broker or dealer which is a member of a registered securities exchange or the National Association of Securities Dealers, Inc.) with membership in an approved signature guaranty medallion program pursuant to SEC Rule 17Ad-15.

ASSIGNMENT FORM

(I) or (we) assign and transfer this Debenture to

(Insert assignee's social security or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint

agent to transfer this Debenture on the Register. The agent may substitute
another to act for him.

Date:

Signature:

(exactly as your name appears on the
face of this Debenture)

Name:

Title:

Address:

Phone No.:

Date:

Signature Guaranteed:

By:

This signature shall be guaranteed by an eligible guarantor institution (a bank or trust company having an office or correspondent in the United States or a broker or dealer which is a member of a registered securities exchange or the National Association of Securities Dealers, Inc.) with membership in an approved signature guaranty medallion program pursuant to SEC Rule 17Ad-15.

=====

[THE FOLLOWING IS APPLICABLE ONLY IF A RESTRICTED SECURITIES LEGEND APPEARS ON THE FACT OF THIS DEBENTURE]

In connection with any transfer or exchange of any of the Debentures evidenced by this certificate occurring prior to the date that is three years after the later of the date of original issuance of such Debentures and the last date, if any, on which such Debentures were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Debentures are being:

[CONTINUED ON NEXT PAGE]

CHECK ONE BOX BELOW:

- (1) acquired for the undersigned's own account, without transfer (in satisfaction of Section 2.6(a)(ii)(A) or Section 2.6(d)(i)(A) of the Indenture; or
- (2) transferred to the Company; or
- (3) transferred pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
- (4) transferred pursuant to and in compliance with Regulation S under the Securities Act of 1933; or
- (5) transferred to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933), that has furnished to the Company and the Trustee a signed letter containing certain representations and agreements (the form of which letter appears as Exhibit C to the Indenture); or
- (6) transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Debentures evidenced by this certificate in the name of any Person other than the registered holder thereof; provided, however, that if box (4), (5) or (6) is checked, the Company, Trustee or Registrar may require, prior to registering any such transfer of the Debentures, in their sole discretion, such legal opinions, certifications and other information as the Company, Trustee or Registrar has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, including but not limited to the exemption provided by Rule 144 under such Act.

Your Name: _____
 (exactly as your name appears
 on the face of this Debenture)

By: _____

Title: _____

Date: _____

Signature Guaranteed:

By: _____

This signature shall be guaranteed by an eligible guarantor institution (a bank or trust company having an office or correspondent in the United States or a broker or dealer which is a member of a registered securities exchange or the National Association of Securities Dealers, Inc.) with membership in an approved signature guaranty medallion program pursuant to SEC Rule 17Ad-15.

OPTION OF HOLDER TO ELECT REPURCHASE

To elect to have all or part of this Debenture repurchased by the Company pursuant to Section 4.6 of the Indenture in connection with a Change of Control Offer, state the amount you elect to have repurchased (if all, write "ALL"): \$_____.

Your Name: _____
(exactly as your name appears on the face of this Debenture)

By: _____

Title: _____

Date: _____

Signature Guaranteed:

By: _____

This signature shall be guaranteed by an eligible guarantor institution (a bank or trust company having an office or correspondent in the United States or a broker or dealer which is a member of a registered securities exchange or the National Association of Securities Dealers, Inc.) with membership in an approved signature guaranty medallion program pursuant to SEC Rule 17Ad-15.

EXHIBIT B

TRANSFeree LETTER OF REPRESENTATION

Lomak Petroleum, Inc.
 c/o Keycorp Shareholder Services, Inc.
 127 Public Square
 15th Floor
 Cleveland, Ohio 44114-1306

Dear Sirs:

This Certificate is delivered to request a transfer of \$ _____ principal amount of the 6% Convertible Subordinated Debentures due 2007 (the "Debentures") of Lomak Petroleum, Inc. (the "Company").

Upon transfer, the Debentures would be registered in the name of the new beneficial owner as follows:

Name: _____
 Address: _____
 Taxpayer ID Number: _____

The undersigned represents and warrant to you that:

1. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")) purchasing for our own account or for the account of such an institutional "accredited investor," and we are acquiring the Debentures not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial business matters as to be capable of evaluating the merits and risk of our investment in the Debentures and invest in or purchase securities similar to the Debentures in the normal course of our business. We and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

2. We understand that the Debentures have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Debentures to offer, sell or otherwise transfer such Debentures prior to the date which is three years after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Debentures (or any predecessor thereto) (the "Resale Restriction Termination Date") only (a) to the Company, (b) pursuant to a registration statement which has been declared effective under the Securities Act, (c) in a transaction complying with the requirements of Rule 144A under the Securities Act, to a Person we reasonably believe is a qualified institutional buyer under Rule 144A (a "QIB") that purchases for its own account or for the account of a QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act, (e) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is purchasing for its own account or for the account of such an institutional "accredited investor," in each case in a minimum principal amount of Debentures of \$250,000 or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property or the property of such investor account or accounts be at all times within our or their control and in compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Debentures is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Company and the Trustee, which shall provide, among

other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and that it is acquiring such Debentures for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Company, Trustee and Registrar reserve the right prior to any offer, sale or other transfer prior to the Resale Termination Date of the Debentures pursuant to clauses (d), (e) or (f) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company, Trustee and Registrar.

TRANSFeree: -----

BY: -----

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EXHIBITS

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CROSS-REFERENCE TABLE*

TIA SECTION -----	INDENTURE SECTION -----
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A
(a)(4)	N.A
(a)(5)	7.10
(b)	7.8, 7.10
(c)	N.A
311(a)	7.11
(b)	7.11
(c)	N.A
312(a)	2.5
(b)	12.9
(c)	12.9
313(a)	7.6
(b)(1)	N.A
(b)(2)	7.6
(c)	7.6, 13.2
(d)	7.6
314(a)	4.4, 4.8, 13.2
(b)	N.A
(c)(1)	13.3, 13.4
(c)(2)	13.3, 13.4
(c)(3)	N.A
(d)	N.A
(e)	13.4
(f)	N.A
315(a)	7.1(b)
(b)	7.5, 13.2
(c)	7.1(a)
(d)	7.1(c)
(e)	6.11
316(a)(last sentence)	2.9
(a)(1)(A)	6.5
(a)(1)(B)	6.4
(a)(2)	N.A
(b)	6.7
(c)	9.4, 12.1
317(a)(1)	6.8
(a)(2)	6.9
(b)	2.4
318(a)	13.1

 *This Cross-Reference Table shall not, for any purpose, be deemed a part of this Indenture.

REGISTRATION RIGHTS AGREEMENT

THIS AGREEMENT is made as of December 20, 1996, by and between Lomak Petroleum, Inc., a Delaware corporation (the "Company"), and Forum Capital Markets L.P., McDonald & Company Securities, Inc. and Morgan Keegan & Company, Inc. (together, the "Initial Purchasers"). The Company proposes to issue and sell to the Initial Purchasers, upon the terms set forth in a purchase agreement dated concurrently herewith (the "Purchase Agreement") \$55,000,000 aggregate principal amount of its Convertible Subordinated Debentures due 2007 (the "Debentures"). The Debentures are convertible into Common Stock (as defined herein) as provided in the Debentures and the Indenture (as defined herein). As an inducement to the Initial Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the Initial Purchasers' obligations thereunder, the Company agrees with the Initial Purchasers, for the benefit of the Initial Purchasers and the other Holders (as defined herein), as follows:

1. DEFINITIONS.

As used in this Agreement, the following capitalized terms shall have the following meanings:

"ACT" means the Securities Act of 1933, as amended from time to time.

"CLOSING DATE" has the meaning set forth in the Purchase Agreement.

"COMMON STOCK" means the Common Stock, par value \$.01 per share, of the Company, or any successor class thereto, issuable upon conversion of the Debentures.

"COMMISSION" means the Securities and Exchange Commission.

"DAMAGES PAYMENT DATE" means February 1 and August 1 in each year.

"EFFECTIVENESS PERIOD" has the meaning set forth in Section 2 hereof.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time.

"HOLDERS" means Persons owning Transfer Restricted Securities.

"INDENTURE" means the Indenture, to be dated the date hereof, between the Company and Keycorp Shareholder Services, Inc. or other comparable entity selected by the Company, as trustee (the "TRUSTEE"), pursuant to which the Debentures are to be issued, as such Indenture is amended or supplemented from time to time in accordance with the terms thereof.

"PERSON" means an individual, partnership, corporation, limited liability company, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"PROSPECTUS" means the prospectus included in the Shelf Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

"RECORD HOLDER" means with respect to any Damages Payment Date relating to the Debentures, each Person who is a holder of Debentures on the record date with respect to the interest payment on the Debentures due on such date and with respect to any Damages Payment Date relating to the Common Stock, each Person who is a holder of Common Stock on the day that is fifteen days prior to such Damages Payment Date.

"REGISTRATION DEFAULT" has the meaning set forth in Section 4 hereof.

"SHELF REGISTRATION STATEMENT" has the meaning set forth in Section 2 hereof.

"SUPPLEMENTAL REGISTRATION PAYMENT" has the meaning set forth in Section 4 hereof.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbb) as in effect on the date of the Indenture.

"TRANSFER RESTRICTED SECURITIES" means each Debenture and, if such Debenture has been converted, each share of Common Stock issued in connection with such conversion, until (a) the date on which such Debenture or shares of Common Stock, as applicable, have been effectively registered under the Act and disposed of in accordance with the Shelf Registration Statement or (b) the date on which such Debenture or shares of Common Stock, as applicable, are distributed to the public pursuant to Rule 144 or any other applicable exemption under the Act without additional restriction upon public resale.

"UNDERWRITTEN OFFERING" means a registration in which securities of the Company are sold to an underwriter for re-offering to the public.

2. SHELF REGISTRATION. The Company shall use its reasonable best efforts to file a registration statement with the Commission within 90 days after the Closing Date relating to the offer and sale of the Transfer Restricted Securities by Holders from time to time pursuant to Rule 415 under the Act and in accordance with the methods of distribution set forth therein, which registration statement may be substituted for by one or more subsequent registration statements each relating to the offer and sale of the Transfer Restricted Securities by Holders from time to time (as in effect from time to time, the "Shelf Registration Statement"), and the Company shall use its reasonable best efforts to cause such Shelf Registration Statement to be declared effective by the Commission within 150 days after the Closing Date, PROVIDED, HOWEVER, that the Company

may delay such filing or effectiveness under the circumstances and during the periods described in Section 3 hereof. In addition, the Company shall use its reasonable best efforts to keep the Shelf Registration Statement continuously effective, supplemented and amended for a period (the "Effectiveness Period") of not less than three years following the Closing Date or such shorter period that will terminate when all the Debentures and shares of Common Stock covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement.

3. DELAY PERIODS; SUSPENSION OF SALES.

(a) If at any time prior to the expiration of the Effectiveness Period, counsel to the Company (which counsel shall be experienced in securities laws matters) has determined in good faith that the filing of the Shelf Registration Statement or the compliance by the Company with its disclosure obligations in connection with the Shelf Registration Statement would require the disclosure of material information which the Company has a bona fide business purpose for preserving as confidential, then the Company may delay the filing of the Shelf Registration Statement (if not then filed) and shall not be required to maintain the effectiveness thereof or amend or supplement the Shelf Registration Statement for a period (an "Information Delay Period") expiring upon the earlier to occur of (A) the date on which such material information is disclosed to the public or ceases to be material or the Company is able to so comply with its disclosure obligations and Commission requirements or (B) 30 days after counsel to the Company makes such good faith determination. There shall not be more than four Information Delay Periods during the Effectiveness Period, and there shall not be two Information Delay Periods during any contiguous 90 day period.

(b) If at any time prior to the expiration of the Effectiveness Period, the Company is advised by a nationally recognized investment banking firm selected by the Company that, in such firm's written reasonable opinion addressed to the Company (a copy of which shall be delivered to each Holder of Transfer Restricted Securities registered under the Shelf Registration Statement), sales of Common Stock pursuant to the Shelf Registration Statement at such time would materially adversely affect any immediately planned underwritten public equity financing by the Company of at least \$5 million, the Company shall not be required to maintain the effectiveness of the Shelf Registration Statement or amend or supplement the Shelf Registration Statement for a period (a "Transaction Delay Period") commencing on the date of pricing of such equity financing and expiring upon the earliest to occur of (i) the abandonment of such financing or (ii) 90 days after the completion of such financing. There shall not be more than two Transaction Delay Periods during the Effectiveness Period.

(c) A Transaction Delay Period and an Information Delay Period are hereinafter collectively referred to as "Delay Periods" or a "Delay Period." The Company will give prompt written notice, in the manner prescribed by Section 10(a) hereof, to each Holder of each Delay Period. Such notice shall be given (i) in the case of a Transaction Delay Period, 30 days in advance of the commencement of such Delay Period and (ii) in the case of an Information Delay Period, as soon as practicable after the circumstances giving rise thereto are identified. Such

notice shall state to the extent, if any, as is practicable, an estimate of the duration of such Delay Period. Each Holder, by his acceptance of any Transfer Restricted Securities, agrees that (i) upon receipt of such notice of an Information Delay Period it will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the Shelf Registration Statement, (ii) upon receipt of such notice of a Transaction Delay Period it will forthwith discontinue disposition of the Common Stock pursuant to the Shelf Registration Statement and (iii) in either such case, will not deliver any prospectus forming a part of the Shelf Registration Statement in connection with any sale of Transfer Restricted Securities or Common Stock, as applicable until the expiration of such Delay Period.

4. SUPPLEMENTAL REGISTRATION PAYMENT.

(a) Except as provided in Section 4(b), if (i) the Shelf Registration Statement is not filed with the Commission within 60 days after the Closing Date, (ii) the Shelf Registration Statement has not been declared effective by the Commission within 150 days after the Closing Date (the "Effectiveness Target Date"), or (iii) at any time prior to the third anniversary of the Closing Date the Shelf Registration Statement is filed and declared effective but shall thereafter cease to be effective (other than as a result of the effectiveness of a successor registration statement) or fail to be useable for its intended purpose without being succeeded promptly by a post-effective amendment to the Shelf Registration Statement that cures such failure and that is itself declared effective within 75 days after the Shelf Registration Statement ceases to be effective (each such event referred to in clauses (i) through (iii), a "Registration Default"), the Company will pay supplemental registration payments (a "Supplemental Registration Payment") to each Holder who has complied with its obligations under this Agreement. During the first 90-day period immediately following the occurrence of such Registration Default, the amount of such Supplemental Registration Payment \$.05 per week per \$1,000 principal amount of Debentures and, if applicable, \$.0005 per week per share of Common Stock constituting Transfer Restricted Securities registered under the Shelf Registration Statement (subject to adjustment in the event of stock splits, stock consolidations, stock dividends and the like). During each subsequent 90-day period following the occurrence of such Registration Default, the amount of the Supplemental Registration Payment shall increase by an additional \$.05 per week per \$1,000 principal amount of Debentures and \$.0005 per week per share of Common Stock constituting Transfer Restricted Securities registered under the Shelf Registration Statement (subject to adjustment as set forth above); provided, however, the maximum amount of the Supplemental Registration Payment shall be \$.20 per week per \$1,000 principal amount of Debentures and \$.002 per week per share of Common Stock constituting Transfer Restricted Securities registered under the Shelf Registration Statement (subject to adjustment as set forth above). All accrued Supplemental Registration Payments shall be paid by the Company to Record Holders entitled thereto on the next succeeding Damages Payment Date by wire transfer of immediately available funds or by federal funds check. Following the cure of all Registration Defaults, the accrual of Supplemental Registration Payments will cease, but any Supplemental Registration Payments accrued through the date of cure shall be paid to Record Holders on the next succeeding Damages Payment Date. If the Registration Defaults described in either of clauses (i) or (ii) above arose solely because the applicable Holder

or Holders failed to provide the Company with certain information within 20 business days after request therefor pursuant to Section 5(m), Supplemental Registration Payments in respect thereof will not begin to accrue until five business days after such information has been provided to the Company.

All of the Company's obligations set forth in the preceding paragraph which are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such security shall have been satisfied in full.

(b) Notwithstanding the foregoing, the time periods specified in Section 4(a) shall be tolled during the pendency of any circumstances beyond the Company's control that prevent performance by the Company of its obligations hereunder despite the Company's best efforts. Such matters include events affecting issuers generally, such as the temporary closure of federal agencies, and events directly affecting the Company, such as the Company's inability to obtain all information regarding an acquisition entity within a time period that would permit independent auditors to prepare any required audited financial information on a timely basis.

5. REGISTRATION PROCEDURES.

In connection with the Shelf Registration Statement and any Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Securities, the following provisions shall apply:

(a) The Company shall furnish to each Holder, prior to the filing thereof with the Commission, a copy of the Shelf Registration Statement and each amendment thereto or each amendment or supplement to the Prospectus included therein, and shall use its reasonable best efforts to reflect in each such document, when so filed with the Commission, such comments as any Holder reasonably may propose.

(b) The Company shall take such action as may be necessary so that (i) the Shelf Registration Statement and any amendment thereto and any Prospectus forming a part thereof and any supplement or amendment thereto complies in all material respects with the Act and the rules and regulations thereunder, (ii) the Shelf Registration and any amendment thereto (in either case, other than with respect to written information furnished to the Company by or on behalf of any Holder specifically for inclusion therein) does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make any statement therein not misleading and (C) the Prospectus and any supplement thereto (in either case, other than with respect to such information from Holders), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) The Company shall promptly advise the Holders of Transfer Restricted Securities registered under the Shelf Registration Statement (which advice pursuant to clauses (ii) - (iv) shall be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) and, if requested by such Persons, to confirm such advice in writing;

(i) when the Shelf Registration Statement and any amendment thereto has been filed with the Commission and when the Shelf Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments to the Shelf Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes; and

(iv) of the happening of any event that requires the making of any changes in the Shelf Registration Statement or the Prospectus so that, as of such date, the Shelf Registration Statement and the Prospectus do not contain an untrue statement of a material fact and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading.

(d) If at any time the Commission shall issue any stop order suspending the effectiveness of the Shelf Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company shall use its reasonable best efforts to obtain the withdrawal or lifting of such order at the earliest possible time.

(e) The Company shall furnish to each Holder of Transfer Restricted Securities included under the Shelf Registration Statement, without charge, at least one copy of the Shelf Registration Statement and each post-effective amendment thereto, including all financial statements and schedules, documents incorporated by reference therein and, if the Holder so requests in writing, all exhibits (including exhibits incorporated therein by reference).

(f) The Company shall, during the Effectiveness Period, deliver to each Holder of Transfer Restricted Securities included under the Shelf Registration Statement, without charge, as many copies of the Prospectus (including each preliminary prospectus) included in the Shelf Registration Statement and any amendment or supplement thereto as such Holder may reasonably

request; and the Company consents to the use of the Prospectus and any amendment or supplement thereto by each of the selling Holders in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto during the Effectiveness Period.

(g) Prior to any public offering pursuant to the Shelf Registration Statement, the Company shall use its reasonable best efforts to register or qualify or cooperate with the Holders of Transfer Restricted Securities registered thereunder, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of such Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as such Holders or underwriters reasonably request in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of such Transfer Restricted Securities; provided, however, that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action that would subject it to general service of process or to taxation in any jurisdiction where it is not then so subject.

(h) Unless any Transfer Restricted Securities shall be in book-entry form only, the Company shall cooperate with the Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold under the Shelf Registration Statement, free of any restrictive legends and in such denominations and registered in such names as the Holders or the underwriter(s), if any, may request in connection with the sales of Transfer Restricted Securities pursuant to the Shelf Registration Statement.

(i) Upon the occurrence of any event contemplated by Section 5(c)(ii) - (iv), the Company shall file (and use its reasonable best efforts to have declared as soon as possible) a post-effective amendment to the Shelf Registration Statement or an amendment or supplement to the Prospectus or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities registered under the Shelf Registration Statement, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. Each Holder of Transfer Restricted Securities registered under the Shelf Registration Statement agrees by acquisition of such Transfer Restricted Securities that, upon receipt of any notice from the Company of the existence of any fact of the kind described in Section 5(c)(ii) - (iv) hereof, such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the Shelf Registration Statement until such Holder receives copies of the supplemented or amended Prospectus contemplated by this Section 5(i), or until such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and such Holder has received copies of any additional or supplemental filings which are incorporated by reference in the Prospectus. If so directed by the Company, each Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the time

period regarding the Company's obligations to maintain the effectiveness of the Shelf Registration Statement set forth in Section 2 hereof shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 5(c) hereof to and including the date when such Holder shall have received the copies of the supplemented or amended Prospectus contemplated by this Section 5(i).

(j) The Company shall provide CUSIP numbers for all Transfer Restricted Securities registered under the Shelf Registration Statement, in the event of and at the time of any distribution thereof to Holders, not later than the effective date of the Shelf Registration Statement and provide the Trustee and the transfer agent for the Common Stock with printed certificates for such Transfer Restricted Securities which are in a form eligible for deposit with the Depository Trust Company.

(k) The Company shall use its reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders or otherwise provide in accordance with Section 11(a) of the Act, as soon as practicable after the effective date of the Shelf Registration Statement an earnings statement satisfying the provisions of Section 11(a) of the Act.

(l) The Company shall cause the Indenture to be qualified under the TIA in a timely manner not later than the effective date of the Shelf Registration Statement, and, in connection therewith, cooperate with the Trustee and the Holders of Debentures to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA.

(m) The Company may require each Holder of Transfer Restricted Securities to be registered under the Shelf Registration Statement to furnish to the Company such information regarding such Holder and the distribution of such Holder's securities thereunder as the Company may from time to time reasonably require for inclusion in the Shelf Registration Statement and the Company may exclude from such registration the Transfer Restricted Securities of any Holder that fails to furnish such information within a reasonable time after receiving such request.

(n) The Company shall, if requested by the Holders of Transfer Restricted Securities being sold in an Underwritten Offering or the underwriter(s) thereof, promptly incorporate in the Shelf Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment, if necessary, such information as such underwriters and Holders reasonably agree should be included therein and to which the Company does not reasonably object including, without limitation, information relating to the plan of distribution of the Transfer Restricted Securities, information with respect to the principal amount of Transfer Restricted Securities being sold to such underwriter(s), the purchase price being paid therefor and with respect to any other terms of the offering of the Transfer Restricted Securities to be sold in such offering; and shall make all required filings of such Prospectus supplement or post-effective amendment as soon as

practicable after the Company is notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment.

(o) The Company shall enter into such customary agreements (including an underwriting agreement in customary form, if applicable) and take all such other appropriate actions in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to the Shelf Registration Statement, and in connection therewith, the Company shall (1) make such representations and warranties to the Holders of Transfer Restricted Securities registered thereunder and the underwriter(s), if any, in form, substance and scope as are customarily made by issuers to underwriters in primary underwritten offerings; (2) obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to such underwriters and the Holders of a majority of the Transfer Restricted Securities being sold) addressed to each such Holder and underwriter covering such matters as are customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters; (3) if and to the extent permitted by Statement of Auditing Standards No. 72, obtain comfort letters and updates thereof from the Company's independent certified public accountants addressed to the underwriters requesting the same, such letters to be in customary form and covering matters of the type customarily covered in comfort letters in connection with primary underwritten offerings; (4) in connection with an Underwritten Offering only, set forth in full or incorporate by reference in the underwriting agreement the indemnification provisions and procedures of Section 6 hereof with respect to all parties to be indemnified pursuant to said Section; and (5) deliver such documents and certificates as may be reasonably requested by such Holders or underwriters to evidence compliance with Section 5(i) and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company pursuant to this Section 5(o). The foregoing actions set forth in clauses (1), (2), (3) and (5) of this Section 5(o) shall be performed at each closing under any underwriting or similar agreement as and to the extent required thereunder.

(p) The Company shall make available at reasonable times for inspection by the Holders of the Transfer Restricted Securities, any underwriter participating in any disposition pursuant to the Shelf Registration Statement, and any attorney or accountant retained by any such Holders or underwriters, all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries; and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney or accountant in connection with the Shelf Registration Statement subsequent to the filing thereof as is customary for similar due diligence examinations; PROVIDED, HOWEVER, that any information that is designated in writing by the Company, in good faith, as confidential at the time of delivery of such information shall be kept confidential by such Holders or any such underwriter, attorney or accountant, unless such disclosure is made in connection with a court proceeding or required by law, or such information becomes available to the public generally or through a third party without an accompanying obligation of confidentiality; and PROVIDED, FURTHER that the foregoing inspection and information gathering shall, to the greatest extent possible, be

coordinated on behalf of the Holders and the other parties entitled thereto by one counsel designated by and on behalf of such Holders and other parties.

(q) The Company shall use its reasonable best efforts, subject to any applicable rules thereto, to cause all Common Stock included among the Transfer Restricted Securities to be listed on each securities exchange on which the Common Stock is listed and, if requested by the Holders of a majority of in aggregate principal amount of Debentures, to list the Debentures registered under the Shelf Registration Statement on a national securities exchange or the Nasdaq Stock Market.

6. REGISTRATION EXPENSES.

(a) Except as otherwise provided in Section 8, the Company shall bear all expenses incurred in connection with the performance of or compliance with its obligations under Sections 2, 4 and 5 hereof, including without limitation all registration and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses and fees and disbursements of counsel for the Company and all independent certified public accountants, and other persons retained by the Company (all such expenses being herein called "Registration Expenses"). Registration Expenses shall also include the Company's internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance and the expenses and fees for listing the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed or on the New York Stock Exchange. The Company will reimburse the Holders for the reasonable fees and disbursements of one firm of attorneys chosen by the Holders of a majority in aggregate principal amount of the Debentures to be sold pursuant to the Shelf Registration Statement to act as counsel therefor in connection therewith.

(b) Each Holder will pay any discounts and commissions incurred upon the sale of securities by it under the Shelf Registration Statement.

7. INDEMNIFICATION AND CONTRIBUTION.

(a) In connection with any Shelf Registration Statement, the Company shall indemnify and hold harmless each Holder, its officers and directors and each Person who controls such Holder within the meaning of the Act against any and all losses, claims, damages or liabilities and expenses whatsoever as incurred, insofar as such losses, claims, damages, liabilities and expenses arise out of or are based upon any untrue or alleged untrue statement of material fact contained in the Shelf Registration Statement, or any Prospectus or preliminary Prospectus or any amendment thereof or supplement thereto or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified Person, as incurred, for any legal or other expense reasonably incurred by them in connection with

investigating or defending any such loss, claim, damage, liability or action; PROVIDED, HOWEVER, that (i) the Company will not be liable in any case to the extent that any loss, claim, damage, liability or expense arises out of or is based upon any such untrue or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any such Holder specifically for inclusion therein and (ii) the foregoing indemnity with respect to any untrue statement or alleged untrue statement or omission or alleged omission made in any preliminary prospectus relating to the Shelf Registration Statement shall not inure to the benefit of any Holder (or any person controlling such Holder) from whom the person asserting any such loss, claim, damage or liability purchases any of the Transfer Restricted Securities that are the subject thereof if such person did not receive a copy of the final prospectus (or the final prospectus as supplemented) at or prior to the written confirmation of the sale of such Transfer Restricted Securities to such person and the untrue statement or alleged omission contained in the preliminary prospectus was corrected in the final prospectus (or the final prospectus as supplemented).

The Company also agrees to indemnify or contribute to losses of, as provided in Section 7(d), any underwriters of Transfer Restricted Securities registered under the Shelf Registration Statement, their officers and directors and each Person, if any, who controls any such underwriter (within the meaning of the Act) on substantially the same basis as that of the indemnification of the Holders provided in this Section 7(a) and shall, if requested by any Holder, enter into an underwriting agreement reflecting such agreement, as provided in Section 5(o) hereof.

(b) Each Holder shall indemnify and hold harmless the Company, its directors and officers and each Person, if any, who controls the Company (within the meaning of the Act) against any and all losses, claims, damages, liabilities and expenses described in the indemnity contained in Section 7(a) hereof, as incurred, resulting from any untrue or alleged untrue statement of material fact contained in the Shelf Registration Statement or any amendment thereof or supplement thereto or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent, that such loss, claim, damage, liability or expense relates to or arises from information relating to such Holder furnished in writing by such Holder specifically for use in the Shelf Registration Statement; PROVIDED, HOWEVER, that the obligation to indemnify will be individual to each Holder and will be limited to the amount of net proceeds received by such Holder from the sale of Transfer Restricted Securities pursuant to the Shelf Registration Statement.

(c) Any Person entitled to indemnification hereunder shall give notice as promptly as reasonably practicable to each indemnifying party of any claim or action commenced against it in respect of which indemnity may be sought hereunder; PROVIDED, HOWEVER, that failure to so notify an indemnifying party shall not relieve such indemnifying party from any obligation that it may have pursuant to this Section except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; PROVIDED FURTHER,

HOWEVER, that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than on account of this indemnity agreement. If any such claim or action shall be brought against an indemnified party, the indemnified party shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof; PROVIDED, HOWEVER, that an indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based on advice of counsel to the indemnified party) between the indemnified party and indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm of attorneys (in addition to any local counsel) at any one time for all such indemnified party or parties. Each indemnified party, as a condition to the indemnity agreements contained in Sections 7(a) and 7(b), shall use all reasonable efforts to cooperate with the indemnifying party in the defense of any such action or claim. No indemnifying party shall be liable for any settlement or any such action effected without its written consent, but if settled with its written consent or if there be a final judgment of the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If a claim by an indemnified party for indemnification under this Section 7 is found unenforceable in a final judgment by a court of competent jurisdiction (not subject to further appeal or review) even though the express provisions hereof provide for indemnification in such case, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such

losses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified party in connection with the actions, statements or omissions that resulted in such losses as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any losses shall be deemed to include, subject to the limitations set forth in Section 7(c), any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceedings.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 7(d), an indemnifying party that is a Holder shall not be required to contribute any amount in excess of the amount by which the total price at which the Transfer Restricted Securities sold by such indemnifying party and distributed to the public were offered to the public exceeds the amount of any damages that such indemnifying party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled any contribution from any person who was not guilty of such fraudulent misrepresentation.

8. RULES 144 AND 144A. The Company shall use commercially reasonable efforts to file the reports required to be filed by it under the Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the written request of any Holder of Transfer Restricted Securities, make publicly available other information so long as necessary to permit sales of such Holder's securities pursuant to Rules 144 and 144A. The Company covenants that it will take such further action as any Holder of Transfer Restricted Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell securities without registration under the Act within the limitation of the exemptions provided by Rules 144 and 144A (including the requirements of Rule 144A(d)(4)).

9. UNDERWRITTEN REGISTRATIONS. If any of the Transfer Restricted Securities included under the Shelf Registration Statement are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority of the shares of Common Stock included among such Transfer Restricted Securities (calculated as if all of the then outstanding Debentures were converted into Common Stock at the time of such selection), PROVIDED, HOWEVER, that such managing underwriters shall be reasonably satisfactory to the Company and the Company shall

not be obligated to arrange for more than one underwritten offering during the Effectiveness Period.

No Person may participate in any underwritten registration hereunder unless such Person (i) agrees to sell such Person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents reasonably required under the terms of such underwriting arrangements and (iii) at least 20% of the outstanding Transfer Restricted Securities are included in such underwritten offering. The Holders participating in any underwritten offering shall be responsible for any expenses customarily borne by selling securityholders, including underwriting discounts and commissions and fees and expenses of counsel to the selling securityholders.

10. MISCELLANEOUS.

(a) AMENDMENTS AND WAIVERS. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of a majority of the Common Stock issued or issuable upon conversion of the Debentures (calculated as if all of the then outstanding Debentures were converted into Common Stock at the time of such consent). Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of the Holders of Transfer Restricted Securities being sold pursuant to the Shelf Registration Statement and that does not directly or indirectly affect the rights of other Holders may be given by Holders of a majority of the shares of Common Stock included among such Transfer Restricted Securities.

(b) NOTICES. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, telex, telecopier, or air courier guaranteeing overnight delivery:

(1) if to a Holder, at the address of such Holder maintained by the Registrar under the Indenture;

(2) if to the Initial Purchaser, at the address set forth in the Purchase Agreement;

(3) if to the Company, at its address set forth in the Purchase Agreement;

or to such other addresses as the recipient party has specified to the sending party by prior written notice to the sending party.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; one business day after being delivered to a next-day air courier; five business days after being deposited in the mail; when answered back, if faxed; and when receipt is acknowledged by the recipient's telecopier machine, if telecopied.

(c) REMEDIES. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(d) SEVERABILITY. The remedies provided herein are cumulative and not exclusive of any remedies provided by law. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(e) NO INCONSISTENT AGREEMENTS. The Company will not hereafter enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the Holders in this Agreement.

(f) SUCCESSORS AND ASSIGNS. All covenants and agreements in this Agreement by or on behalf of any of the parties hereto will bind and inure to the benefit of their respective heirs, executors, administrators, successors, legal representatives and assigns. In addition, whether or not any express assignment has been made, the provisions of this Agreement which are for the benefit of Holders are also for the benefit of, and enforceable by, any subsequent Holder.

(g) COUNTERPARTS. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same Agreement.

(h) DESCRIPTIVE HEADINGS. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(i) GOVERNING LAW. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the

domestic laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

LOMAK PETROLEUM, INC.

By: _____

Its: _____

Acting on behalf of themselves and as the representatives of the Holders:

FORUM CAPITAL MARKETS L.P.

By: _____

Name: Michael F. McNulty
Title: Managing Director

MCDONALD & COMPANY SECURITIES, INC.

By: _____

Name: Michael F. McNulty
Title: Attorney-in-fact

MORGAN KEEGAN & COMPANY, INC.

By: _____

Name: Michael F. McNulty
Title: Attorney-in-fact

ARTHUR ANDERSEN

Arthur Andersen LLP
Suite 1800
200 Public Square
Cleveland, OH 44114

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports (and to all references to our Firm) included in, or incorporated by reference, in this registration statement.

/s/ ARTHUR ANDERSEN LLP

Cleveland, Ohio
March 24, 1997

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[COOPERS & LYBRAND LETTERHEAD]

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 7, 1997, on our audits of the Statements of revenues and direct operating expenses of the American Cometra Interests, for the years ended December 31, 1994, 1995 and 1996. We also consent to the reference to our firm under the caption "Experts".

COOPERS & LYBRAND L.L.P.

Forth Worth, Texas
March 24, 1997

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INDEPENDENT ACCOUNTANTS' CONSENT

The Board of Directors
Lomak Petroleum, Inc., :

We consent to the incorporation by reference in the registration statement (No. 333-XXXXX) on Form S-3 of Lomak Petroleum, Inc. of our report dated May 23, 1996, with respect to the statement of assets (other than productive oil and gas properties) and liabilities of the Bannon Interests as of December 31, 1995 and the related statement of revenues and direct operating expenses for the year then ended, which report appears in the Form 8-K/A of Lomak Petroleum, Inc. dated May 31, 1996.

KPMG Peat Marwick LLP

Houston, Texas
March 24, 1997