

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-KSB

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1997
or
TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period From.....to.....

Commission File No. 0-20310
SUPERIOR ENERGY SERVICES, INC.
(Name of small business issuer in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-2379388
(I.R.S. Employer
Identification No.)

1503 Engineers Road
Belle Chasse, LA 70037
(Address of principal executive offices)(Zip Code)

Issuer's telephone number: (504) 393-7774

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

NONE

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

Common Stock

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

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. []

Revenues for the year ended December 31, 1997 were \$54,256,000

The aggregate market value of the voting stock held by non-affiliates of the Registrant at March 2, 1998 based on the closing price on Nasdaq National Market on that date was \$217,730,000

The number of shares of the Registrant's common stock outstanding on March 2, 1998 was 29,186,723.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 1998 Annual Meeting of Stockholders have been incorporated by reference into Part III of this Form 10-KSB.

Transitional Small Business Disclosure Format (check one):
Yes No

SUPERIOR ENERGY SERVICES, INC.
Annual Report on Form 10-KSB for
the Fiscal Year Ended December 31, 1997

TABLE OF CONTENTS

PART I

Items 1 and 2. Description of Business and Properties	1
Item 3. Legal Proceedings	9
Item 4. Submission of Matters to a Vote of Security Holders	9

PART II

Item 5. Market for Common Equity and Related Stockholder Matters	9
Item 6. Management's Discussion and Analysis or Plan of Operation	10
Item 7. Financial Statements	14
Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	28

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act	29
Item 10. Executive Compensation	29
Item 11. Security Ownership of Certain Beneficial Owners and Management	29
Item 12. Certain Relationships and Related Transactions	29
Item 13. Exhibits and Reports on Form 8-K	29

PART I

Items 1 and 2. Description of Business and Properties

General

Superior Energy Services, Inc. (the "Company") provides through its subsidiaries a broad range of specialized oilfield services and equipment primarily to major and independent oil and gas companies engaged in the exploration, production and development of oil and gas properties offshore in the Gulf of Mexico and throughout the Gulf Coast region. These services and equipment include the rental of specialized oilfield equipment, oil and gas well plug and abandonment ("P&A") services, electric and mechanical wireline services, the manufacture, sale and rental of drilling instrumentation and the manufacture and sale of oil spill containment equipment. Over the last two years, the Company has significantly expanded its operations through both internal growth and strategic acquisitions. This expansion has enabled the Company to broaden the range of products and services that it offers to its customers and to expand its operations geographically throughout the Gulf Coast region.

As a result of its expansion and increased demand for its services and products, the Company has experienced significant growth in revenue, EBITDA (earnings before interest expense, income taxes, depreciation and amortization) and net income. For the year ended December 31, 1997, the Company generated revenue of \$54.3 million, EBITDA of \$18.5 million and net income of \$9.5 million. These amounts represent increases of approximately 130%, 162% and 140%, respectively, over the comparable period in 1996.

Background. In 1989, the Company's management started Superior Well Service, Inc. ("Superior Well") and began offering P&A services offshore in the Gulf of Mexico. As the Company's P&A business grew, the Company also expanded into wireline services and rental tool operations and continued the data acquisition and monitoring business that its founders had started in the mid-1980s. In December 1995, the Company completed a share exchange (the "Share Exchange") pursuant to which the Company acquired the stock of (i) Superior Well and other private companies owned by the Company's current management team (collectively, the "Superior Companies") and (ii) Oil Stop, Inc. ("Oil Stop") in exchange for an aggregate of 10,200,000 shares of common stock, \$.001 par value per share (the "Common Stock"), and \$2.0 million in cash. Upon completion of the Share Exchange, the Company's current management team assumed control of the Company, and in January 1996 the assets related to the Company's unprofitable fishing and rental tool business in West Texas were placed into a joint venture with G&L Tool Company, Inc. (the "Joint Venture").

Acquisition Growth. The Company has completed several

acquisitions of companies with products and services similar or complementary to those already offered by the Company. These acquisitions have allowed the Company to expand its P&A, wireline, data acquisition and rental tool operations both in terms of size and geographic scope. The Company has completed a total of eight acquisitions since the Share Exchange.

Acquired Company	Date of Acquisition	Business
Baytron, Inc.	July 1996	Data Acquisition
Dimensional Oilfield Services, Inc.	September 1996	P&A Services
Nautilus (Concentric) Pipe & Tool Rentals, Inc.	February 1997	Rental Tools
F. & F. Wireline Service, Inc.	April 1997	Wireline Services (Mechanical)
Tong Rentals and Supply Company, Inc.	May 1997	Rental Tools
Fastorq, Inc.	September 1997	Hydraulic Wrench and Bolt Turning
Stabil Drill Specialties, Inc.	October 1997	Rental Tools
Sub-Surface Tools, Inc.	November 1997	Rental Tools

Business Strategy

The Company's business strategy is to combine internal growth and strategic acquisitions to expand the scope of the services and equipment that the Company provides for its customers. Key elements of the Company's business strategy are as follows:

Continue Expansion of Rental Tool Operations. The Company intends to expand its rental tool operations to meet the increased demand for its rental tool products in the Gulf Coast region. The Company plans to increase the amount and types of equipment available to its customers by expanding its rental tool inventory. Management believes that an expanded rental tool inventory will enable the Company to further expand its existing customer relationships within the consolidating rental tool industry. Management also believes that growth in this segment is not subject to the personnel constraints that are currently present in other segments of the oilfield services industry.

Capitalize on Leading Position in P&A Services. The Company intends to capitalize on its leading position in P&A services in the Gulf of Mexico by continuing to increase the number of crews dedicated to P&A services. The Company plans to purchase or manufacture the equipment necessary to operate as many as four new P&A crews. The Company intends to base these crews out of its Houston, Texas and Lafayette, Louisiana locations, further expanding the geographic scope of its P&A operations, which are currently conducted from Belle Chasse, Louisiana.

Expand Electric Wireline Services. Historically, the Company primarily offered its electric wireline services as a complement to its P&A services. The Company's customers, however, are increasingly seeking electric wireline services from the Company independent of P&A operations. The Company intends to purchase or manufacture additional electric wireline units that will be dedicated solely to non-P&A operations, which management believes will offer another avenue of growth for the Company.

Acquire Complementary Businesses. The Company continually evaluates opportunities to acquire businesses which offer products and services complementary to the Company's existing operations. Management believes that acquisition candidates are available that will allow the Company to increase both market share in its existing lines of business and the geographic scope of its operations. The Company intends to continue to seek acquisition candidates with strong existing

management and to structure the acquisitions to create incentives for the key personnel of the acquired businesses to remain with the Company and expand their operations.

Operations

Rental Tools. The Company sells and rents specialized equipment for use with onshore and offshore oil and gas well drilling, completion, production and workover activities. Certain specialized tools are also manufactured by the Company. Operators and drilling contractors generally find it more economical to supplement their inventories with rental tools instead of maintaining a complete inventory of tools, due to the variety of equipment required by the different wells the operator may have in operation. The equipment needed for a well is in large part determined by the geological features of the well area and the size of the well itself.

Through its internal growth and through acquisitions, the Company has increased the size and breadth of its rental tool inventory and now has 19 locations throughout the Gulf Coast from Corpus Christi, Texas to Venice, Louisiana, which serve all of the major staging points for oil and gas activities along the Gulf Coast. The Company has also recently initiated rental tool operations in Venezuela and currently has a limited inventory of rental tools in this market. The Company's broad range of rental tools includes, but is not limited to the following:

Blowout Preventers	Hydraulic Torque Wrenches
Casing Jacks	Power Swivels
Casing Saws	Power Tongs
Coflexip Hoses	Pressure Control Equipment
Drill Collars	Stabilizers
Drill Pipe	Test Pumps
Gravel Pack Equipment	Tubulars
Handling Tools	Tubular Handling Tools
Hole Openers	

Plug and Abandonment Services. The Company is the leading provider of P&A services in the Gulf of Mexico. The Company currently operates 16 P&A crews, each of which is comprised of four to five members.

The Company performs both permanent and temporary P&A services. The basic steps in the permanent P&A process include: (i) entering the well and pulling the safety plug using wireline; (ii) running wireline through production tubing in order to identify any obstructions; (iii) rigging up pumps and pumping salt water into the bottom zone to confirm that cement injection is possible; (iv) pumping cement through tubing into the bottom zone; (v) re-entering the well with wireline and perforating the tubing midway in the well bore; (vi) pumping cement through tubing to establish a balanced plug at the point of perforation to create an intermediate plug; (vii) re-entering the well with wireline, cutting the tubing at 300 feet and pulling that portion of the tubing from the well; (viii) setting a cast iron bridge plug at 300 feet; (ix) pumping 150 feet of cement on top of the cast iron bridge plug; (x) cutting and removing all casing 20 feet below mudline. A temporary abandonment typically involves steps (i) through (vi), with the upper half of the well bore left intact to be re-entered or for a side track well to be drilled at some future date.

The Company constructs all of its P&A spreads and thus has the flexibility to build its spreads to satisfy market demand. Its custom-built, skid-mounted P&A spreads are generally smaller than those used by many of its competitors and allow the P&A process to be completed from liftboats and other work platforms with low-lift capacities rather than from drilling ("Rig-less P&A"). Rig-less P&A offers a cost advantage over P&A methods that require a drilling rig, and management believes that the large majority of the wells in the Gulf of Mexico can be plugged and abandoned using the rig-less P&A method. In delivering its P&A services, the Company has combined both wireline and pumping expertise, which traditionally have been provided separately, and believes that this combined expertise gives it a competitive advantage over many of its competitors.

Wireline Services. The Company also provides electric and mechanical wireline services to its customer base. These services are used to access a well to assist in data acquisition, fishing tool operations, pipe recovery and remedial activities. While the Company provides these services in connection with P&A jobs, it also provides wireline services for non-P&A jobs, such as logging and pipe recovery. The Company's wireline personnel are trained to perform both P&A jobs and wireline services.

Other Services. Other services provided by the Company include (i) data acquisition and monitoring for the oil and gas industry and (ii) the manufacture, sale and rental of oil spill containment equipment.

The Company designs, manufactures and sells specialized drilling rig instrumentation and data acquisition systems and computerized electronic torque and pressure control equipment. The Company's data acquisition systems are offered in connection with the use of a dispatcher to gather and record data and maintain equipment on drilling rigs. The Company's torque and pressure control equipment is used in connection with drilling and workover operations, as well as the manufacture of oilfield tubular goods. The torque control equipment monitors the relationship between size, weight, grade, rate of makeup, torque and penetration of tubular goods to ensure a leak-free connection within the pipe manufacturer's specification. The electronic pressure control equipment monitors and documents internal and external pressure testing of tubular connections.

The Company also, through third-party manufacturers who work on a contractual basis pursuant to the Company's specifications, manufactures and sells oil spill containment inflatable boom and ancillary storage/deployment/retrieval equipment. The Company's inflatable boom utilizes continuous single-point inflation technology with air feeder sleeves in combination with mechanical check valves to permit continuous inflation of the boom material. The Company sells, rents and licenses oil spill containment technology to domestic and foreign oil companies, oil spill response companies and cooperatives, the United States Coast Guard and to foreign governments and their agencies.

Customers; Contracting and Marketing

The Company's P&A and wireline services are contracted for specific projects on either a day rate or turnkey basis. Rental tools are leased to customers on an as-needed basis pursuant to a day rate. The Company derives a significant amount of its revenue from a small number of major and independent oil and gas companies, in particular, Chevron USA. In 1997 and 1996, Chevron USA accounted for 27.0% and 34.5% of the Company's revenue, respectively. No other customer accounted for 10 percent or more of revenue in 1997 or 1996. The inability of the Company to continue to perform services for a number of its large existing customers, if not offset by sales to new or existing customers, could have a material adverse effect on the Company's business and financial condition.

Marketing for the Company's rental tools operations is conducted by the Company's sales force which operates out of Belle Chasse, Lafayette and Houma, Louisiana, as well as Houston, Texas. The Company's primary customers are oil and gas companies, well operators and drilling contractors. Marketing for the company's other activities is primarily conducted by personnel located at the Company's facilities in Belle Chasse and Harvey, Louisiana.

Competition

The Company competes in highly competitive areas of the oilfield services industry. The volatility of oil and gas prices has led to a consolidation of the number of companies providing services similar to the Company. This reduced number of companies competes intensely for available projects. Many of the Company's competitors are larger and have greater marketing, distribution, financial and other resources than the Company. In the rental tool market, the Company faces competition from a number of companies that have larger inventories of equipment than the Company and many more facilities than the Company.

There can be no assurance that the Company's operations will continue at current volumes or prices if its current competitors

or new market entrants introduce new products or services with better features, performance, prices or other characteristics than the Company's products and services. Competitive pressures or other factors also may result in significant price competition that could have a material adverse effect on the Company's results of operations and financial condition. Furthermore, competition among oilfield service and equipment providers is also based on provider's reputation for safety and quality. Although the Company believes that its reputation for safety and quality service is good, there can be no assurance that the Company will be able to maintain its competitive position.

Potential Liabilities and Insurance

The Company's operations involve a high degree of operational risk, particularly of personal injuries and damage to equipment. Failure of the Company's equipment could result in property damages, personal injury, environmental pollution and resulting damage for which the Company could be liable. Litigation arising from a catastrophic occurrence at a location where the Company's equipment and services are used may in the future result in large claims for damages. The Company maintains insurance against risks that are consistent with industry standards and required by its customers. Although management believes that the Company's insurance protection is adequate, and that the Company has not experienced a loss in excess of policy limits, there can be no assurance that the Company will be able to maintain adequate insurance at rates which management considers commercially reasonable, nor can there be any assurance such coverage will be adequate to cover all claims that may arise.

Governmental Regulation

The Company's business is significantly affected by state and federal laws and other regulations relating to the oil and gas industry, by changes in such laws and by changing administrative regulations and the level of enforcement thereof. The Company cannot predict the level of enforcement of existing laws and regulations or how such laws and regulations may be interpreted by enforcement agencies or court rulings, whether additional laws and regulations will be adopted, or the effect such changes may have on it, its businesses or financial condition.

Federal and state laws require owners of non-producing wells to plug the well and remove all exposed piping and rigging before the well is permanently abandoned. The timing and need for P&A services for wells situated on the federal outer continental shelf are regulated by the Minerals Management Service (United States Department of the Interior) ("MMS"). The MMS generally requires wells to be permanently plugged and abandoned within one year of lease expiration. State regulatory agencies similarly regulate P&A services within state coastal waters. State regulatory timeframes for P&A can be as long as one year for wells in Texas coastal waters or as short as 90 days after the drilling or production operations cease in Louisiana coastal waters. The MMS and state regulatory agencies will routinely grant extensions of time for P&A requirements when a well has future leasehold potential or when it is consistent with prudent operating practices, economic considerations or other special circumstances. A decrease in the level of enforcement of such laws and regulations in the future would adversely affect the demand for the Company's services and products. Numerous state and federal laws and regulations also affect the level of purchasing activity of oil containment equipment and consequently the Company's business. There can be no assurance that a decrease in the level of enforcement of laws and regulations in the future would not adversely affect the demand for the Company's products. In addition, the Company depends on the demand for its services from the oil and gas industry, and such demand is affected by changing taxes, price controls and other laws and regulations relating to the oil and gas industry generally. The adoption of laws and regulations curtailing exploration and development drilling for oil and gas in the Company's areas of operations for economic, environmental or other policy reasons would adversely affect the Company's operations by limiting demand for its services.

Certain of the Company's employees who perform services on offshore platforms and vessels are covered by the provisions of the Jones Act, the Death on the High Seas Act and general

maritime law. These laws operate to make the liability limits established under state workers' compensation laws inapplicable to these employees and, instead, permit them or their representatives to pursue actions against the Company for damages or job related injuries, with generally no limitations on the Company's potential liability.

The Company believes that its present operations substantially comply with applicable federal and state pollution control, and environmental protection laws and regulations and that compliance with such laws has had no material adverse effect upon its operations to date. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. Certain environmental laws provide for joint and several strict liabilities for remediation of spills and releases of hazardous substances. In addition, companies may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. No assurance can be given that environmental laws will not, in the future, materially adversely affect the Company's operations and financial condition. Some environmental statutes impose strict liability, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person.

Employees

As of March 2, 1998, the Company had approximately 600 employees. None of the Company's employees is represented by a union or covered by a collective bargaining agreement. The Company believes that its relations with its employees is good.

Properties

Facilities. The Company owns certain facilities and leases other office, service and assembly facilities under various operating leases, including 19 rental tool facilities located throughout the Gulf Coast from Corpus Christi, Texas to Venice, Louisiana. The Company believes that all of its leases are at competitive or market rates and does not anticipate any difficulty in leasing suitable additional space upon expiration of its current lease terms.

In March, 1997, the Company purchased an office building in Harvey Louisiana containing approximately 26,000 square feet which it is currently renovating. The Company expects to consolidate all of its New Orleans-area sales and administrative functions in this office in April 1998.

Intellectual Property. The Company uses several patented items in its operations, which management believes are important but are not indispensable to the Company's business. Although the Company anticipates seeking patent protection when possible, it relies to a greater extent on the technical expertise and know-how of its personnel to maintain its competitive position.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This report contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact included in this report that address activities, events or developments that the Company intends, expects, projects, believes or anticipates will or may occur in the future, including, without limitation, statements regarding the Company's business strategy, plans and objectives; statements expressing beliefs and expectations regarding future demand for the Company's products and services and other events and conditions that may influence the oilfield services market and the Company's performance in the future; statements concerning future expansion plans, including the anticipated level of capital expenditures for, and the nature and scheduling of, purchases or manufacture of rental tool inventory and P&A or wireline equipment and other such matters are forward-looking statements. Such statements are based on certain assumptions and analyses made by management of the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it

believes to be appropriate. The forward-looking statements included in this report are also subject to a number of material risks and uncertainties. Important factors that could cause actual results to differ materially from the Company's expectations are set forth below. Forward-looking statements are not guarantees of future performance and that actual results, developments and business decisions may differ from those envisaged by such forward-looking statements.

Dependence on Oil and Gas Industry; Industry Volatility. The Company's business depends in large part on the conditions of the oil and gas industry, and specifically on the capital expenditures of the Company's customers. The demand for oilfield services has traditionally been cyclical, as purchases of products and services such as those provided by the Company are, to a substantial extent, deferrable in the event oil and gas companies reduce capital expenditures as a result of conditions existing in the oil and gas industry or general economic downturns.

Demand for the Company's P&A services is primarily a function of the number of offshore producing wells that have ceased to be commercially productive, the level of environmental awareness and the desire of oil and gas companies to minimize future P&A liabilities. Demand for the Company's rental tool and wireline services is primarily a function of oil and gas exploration and workover activity in the Gulf of Mexico and along the Gulf Coast. The level of oilfield activity is affected in turn by the willingness of oil and gas companies to make capital expenditures for the exploration, development and production of oil and natural gas. The levels of such capital expenditures are influenced by oil and gas prices, the cost of exploring for, producing and delivering oil and gas, the sale and expiration dates of leases in the United States, the discovery rate of new oil and gas reserves, local and international political and economic conditions and the ability of oil and gas companies to generate capital. Although the production sector of the oil and gas industry is less immediately affected by changing prices, and, therefore, less volatile than the exploration sector, producers would likely react to declining oil and gas prices by reducing expenditures, which could adversely affect the business of the Company. No assurance can be given as to the future price of oil and natural gas, the level of oil and gas industry activity, the perceived level of enforcement of laws requiring the P&A of wells or levels of environmental awareness. Fluctuations in demand for the Company's products and services may have a material adverse effect on the Company's business and operations.

Risks of Rapid Growth. The Company has grown rapidly over the last two years through internal growth and acquisitions of other companies. Managing the rapid growth experienced by the Company will be important for the Company's future success and will demand increased responsibility for management personnel. Several factors, including the lack of sufficient executive-level personnel, increased administrative burdens and the increased logistical problems of large, expansive operations, could present difficulties to the Company, which if not managed successfully, could have a material adverse effect on the Company's financial condition and results of operations. The historical financial information included herein is not necessarily indicative of the results that would have been achieved had the Company been operated on a fully integrated basis or the results that may be realized in the future.

Risks of Acquisition Strategy. Acquisitions have been and may continue to be a key element of the Company's business strategy. There can be no assurance that the Company will be able to identify and acquire acceptable acquisition candidates on terms favorable to the Company. The Company may be required to incur substantial indebtedness to finance future acquisitions and also may issue equity securities in connection with such acquisitions. Such additional debt service requirements may represent a significant burden on the Company's results of operations and financial condition. The issuance of additional equity securities could result in significant dilution to stockholders. There also can be no assurance that the Company will successfully consolidate the operations and assets of any acquired business with its own or that the Company's management will be able to effectively manage the increased size of the Company or operate a new line of business. Any inability on the

part of the Company to consolidate and manage acquired businesses could have a material adverse effect on the Company's results of operations and financial condition.

Seasonality and Adverse Weather Conditions. The Company's P&A operations are directly affected by the weather conditions in the Gulf of Mexico. Due to seasonal differences in weather patterns, the Company's P&A crews may operate more days in the spring, summer and fall periods and less in the winter months. The Company's rental tool operations and sales of equipment are affected by the seasonality of oil and gas drilling activity in the Gulf Coast region. Due to exposure to weather, higher drilling activity is generally experienced in the spring, summer and fall months with the lowest activity experienced in winter months. Operations may also be affected by the rainy weather, hurricanes and other storms prevalent in the Gulf of Mexico and along the Gulf Coast throughout the year. Accordingly, the Company's operating results may vary from quarter to quarter, depending upon factors outside of its control, and full year results are not likely to be a direct multiple of any particular quarter or combination of quarters.

Ability to Attract and Retain Skilled Workers. The Company's ability to remain productive and profitable will depend substantially on its ability to attract and retain skilled workers. The Company's ability to expand its operations is in part impacted by its ability to increase its labor force. The demand for skilled workers in the Gulf Coast region is high and the supply is limited. A significant increase in the wages paid by competing employers could result in a reduction in the Company's skilled labor force, increases in the wage rates paid by the Company, or both. If either of these events occurred, the capacity and profitability of the Company could be diminished and the growth potential of the Company could be impaired.

Dependence Upon Significant Customers. The Company derives a significant amount of its revenue from a small number of major and independent oil and gas companies. In 1997 and 1996, Chevron USA accounted for 27.0% and 34.5%, respectively, of the Company's revenue. The inability of the Company to continue to perform services for a number of its large existing customers, if not offset by sales to new or other existing customers, could have a material adverse effect on the Company's business and operations.

Operating Risks and Insurance. The operations of the Company involve the use of heavy equipment and exposure to inherent risks, including blowouts, explosions and fire, with attendant significant risks of liability for personal injury and property damage, pollution or other environmental hazards or loss of production. In addition, certain of the Company's employees who perform services on offshore platforms and vessels are covered by provisions of the Jones Act, the Death on the High Seas Act and general maritime law. These laws operate to make the liability limits established by state workers' compensation laws inapplicable to these employees and, instead, permit them or their representatives to pursue actions against the Company for damages on job-related injuries, with generally no limitations on the Company's potential liability.

Failure of the Company's equipment could result in property damage, personal injury, environmental pollution and resulting damage for which the Company could be liable. Litigation arising from a catastrophic occurrence at a location where the Company's equipment and services are used may in the future result in large claims for damages. The frequency and severity of such incidents affect the Company's operating costs, insurability and relationships with customers, employees and regulators. Any increase in the frequency or severity of such incidents, or the general level of compensation awards with respect thereto, could affect the ability of the Company to obtain projects from oil and gas companies or insurance and could have a material adverse effect on the Company. In addition, no assurance can be given that the Company will be able to maintain adequate insurance in the future at rates it considers reasonable.

Intense Competition. The Company competes in highly competitive areas of the oilfield business. The volatility of oil and gas prices has led to a consolidation of the number of companies providing services similar to the Company. This reduced number of companies competes intensely for available projects.

Many of the Company's competitors are larger and have greater marketing, distribution, financial and other resources than the Company. There can be no assurance that the Company's operations will continue at current volumes or prices if its current competitors or new market entrants introduce new products or services with better features, performance, prices or other characteristics than the Company's products and services. Competitive pressures or other factors also may result in significant price competition that could have a material adverse effect on the Company's results of operations and financial condition. Furthermore, competition among oilfield service and equipment providers is also based on a provider's reputation for safety and quality. Although the Company believes that its reputation for safety and quality service is good, there can be no assurance that the Company will be able to maintain its competitive position.

Regulatory and Environmental Matters. The Company's business is significantly affected by state and federal laws and other regulations relating to the oil and gas industry, by changes in such laws and by changing administrative regulations and the level of enforcement thereof. The Company cannot predict the level of enforcement of existing laws and regulations or how such laws and regulations may be interpreted by enforcement agencies or court rulings, whether additional laws and regulations will be adopted, or the effect such changes may have on it, its businesses or financial condition.

Demand for the Company's P&A services is substantially dependent upon federal and state laws that require owners of non-producing wells to plug the well and remove all exposed piping and rigging before the well is permanently abandoned. A decrease in the level of enforcement of such laws and regulations in the future would adversely affect the demand for the Company's services and products. Numerous state and federal laws and regulations also affect the level of purchasing activity of oil spill containment equipment and consequently the Company's business. There can be no assurance that a decrease in the level of enforcement of state and federal laws and regulations in the future would not adversely affect the demand for the Company's products. In addition, the Company depends on the demand for its services from the oil and gas industry, and such demand is affected by changing taxes, price controls and other laws and regulations relating to the oil and gas industry generally. The adoption of laws and regulations curtailing exploration and development drilling for oil and gas in the Company's areas of operations for economic, environmental or other policy reasons would adversely affect the Company's operations by limiting demand for its services.

In addition to the importance of environmental regulations on demand for the Company's services, the Company also has potential environmental liabilities with respect to its offshore and onshore operations. Certain environmental laws provide for joint and several strict liabilities for remediation of spills and releases of hazardous substances. In addition, companies may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. The Company believes that its present operations substantially comply with applicable federal and state pollution control, and environmental protection laws and regulations and that compliance with such laws has had no material adverse effect upon its operations to date. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. No assurance can be given that environmental laws will not, in the future, materially adversely affect the Company's operations and financial condition. Some environmental statutes impose strict liability, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person.

Technology Risks. Sales of certain of the Company's products, primarily its oil spill containment equipment, are based primarily on its proprietary technology. The Company's success in the sales of these products depends to a significant extent on the development and implementation of new product designs and technologies. Whether the Company can continue to develop products and technology to meet evolving industry standards at levels of capability and price acceptable to its customers will be a significant factor in determining the Company's ability to compete in this market area. Many of the

Company's competitors have greater resources devoted to research and development of new products and technologies than does the Company. While the Company has patents on certain of its technologies and products, there is no assurance that any patents secured by the Company will not be successfully challenged by others or will protect it from the development of similar products by others.

Item 3. Legal Proceedings

The Company is a party to various routine legal proceedings primarily involving commercial claims, workers' compensation claims and claims for personal injury under the General Maritime Laws of the United States and the Jones Act. While the outcome of these lawsuits, legal proceedings and claims cannot be predicted with certainty, management believes that the outcome of all such proceedings, even if determined adversely, would not have a material adverse effect on the Company's business or financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

The Company's Common Stock is traded on the Nasdaq National Market under the symbol "SESI." The following table sets forth the high and low closing bid prices per share of the Common Stock as reported by the Nasdaq National Market for each fiscal quarter during the past two fiscal years. Quotes represent "inter-dealer" prices without adjustments for mark-ups, mark-downs or commissions and may not represent actual transactions.

	High	Low
1996		
First Quarter.....	\$2.563	\$2.125
Second Quarter.....	2.813	2.063
Third Quarter.....	2.688	2.000
Fourth Quarter.....	3.375	2.625
1997		
First Quarter.....	\$4.875	\$2.875
Second Quarter.....	5.188	4.375
Third Quarter.....	9.125	5.000
Fourth Quarter.....	14.313	8.875
First Quarter 1998 (through March 2, 1998)	\$10.06	\$7.00

As of March 2, 1998 there were 29,186,723 shares of Common Stock outstanding, which were held by approximately 125 record holders.

The Company has not declared or paid cash dividends on its Common Stock in the past and currently intends to retain earnings, if any, to meet its working capital requirements and to finance the future operation and growth of the Company. The Company does not plan to declare or pay cash dividends to holders of its Common Stock in the foreseeable future. In addition, the terms of the Company's Bank Credit Facility (as defined herein) prohibit the payment of dividends or other distributions by the Company to its stockholders. The Company's ability to declare or pay cash dividends is also affected by the ability of the Company's subsidiaries to declare and pay dividends or otherwise transfer funds to the Company since the Company conducts its operations entirely through its subsidiaries. Subject to such limitations, the payment of cash dividends on the Common Stock will be within the discretion of the Company's Board of Directors and will depend upon the earnings of the Company, the Company's capital requirements, the requirements of the Company's credit arrangements, applicable laws and other factors that are considered relevant by the Company's Board of Directors.

Item 6. Management's Discussion and Analysis or Plan of Operation

Overview

Background. In December 1995, the Company completed the Share Exchange, pursuant to which the Company acquired to stock of (i) the Superior Companies and (ii) Oil Stop in exchange for an aggregate of 10,200,000 shares of the Company's Common Stock and \$2.0 million in cash. Upon completion of the Share Exchange, the stockholders of the Superior Companies received a controlling interest in the Company, and the Company's current management team assumed control of the Company. As a result, the Share Exchange was accounted for as a reverse acquisition (i.e., a purchase of the Company by the Superior Companies) under the purchase method of accounting. Accordingly, the Company's financial statements and other financial information, including the information in this section, reflect the historical operations of the Superior Companies for period and dates prior to the Share Exchange. Pursuant to the purchase method of accounting, the value of the net assets of the Company and Oil Stop were adjusted to their estimated fair value at the time of the Share Exchange, and the net assets of the Superior Companies were reflected at their historical book values. Subsequent to completion of the Share Exchange, in January 1996, the assets related to the Company's unprofitable fishing and rental tool business in West Texas were placed in the Joint Venture.

General. Demand for the Company's rental tools and wireline services is primarily a function of oil and gas exploration and workover activity in the Gulf of Mexico and along the Gulf Coast. The level of oilfield activity is affected in turn by the willingness of oil and gas companies to make capital expenditures for the exploration, development and production of oil and natural gas, the levels of such capital expenditures are influenced by oil and gas prices, the cost of exploring for, producing and delivering oil and gas, the sale and expiration dates of leases in the United States, the discovery rate of new oil and gas reserves, local and international political and economic conditions and the ability of oil and gas companies to generate capital. Demand for the company's P&A services is primarily a function of the number of offshore producing wells that have ceased to be commercially productive, increased environmental awareness and the desire of oil and gas companies to minimize abandonment liabilities.

Comparison of the Results of Operations for the Years Ended December 31, 1997 and December 31, 1996.

The Company experienced significant growth in revenue and net income in the year ended December 31, 1997 as compared to the year ended December 31, 1996 due to continued strong demand for its products and services, internal growth and growth through acquisitions.

The Company's revenue increased 130% to \$54.3 million for the year ended December 31, 1997, as compared to \$23.6 million for the year ended December 31, 1996. Of this increase, approximately 26% was the result of internal growth of the Company's operations and approximately 74% was the result of acquisitions completed by the Company since July 1996.

The Company's gross margin increased to 57.2% for the year ended December 31, 1997 from 53.3% for the year ended December 31, 1996. This increase was primarily due to the increase in the percentage of the Company's revenue that was generated by its rental tool and data acquisition businesses, which tend to have higher gross margins than the Company's other businesses.

Depreciation and amortization increased 147%, to \$3.3 million for the year ended December 31, 1997 from \$1.3 million for the year ended December 31, 1996. Most of the increase resulted from the larger asset base that has resulted from the Company's acquisitions. General and administrative expenses as a percentage of revenue decreased to 23.1% for the year ended December 31, 1997 from 23.4% for the year ended December 31, 1996. Interest expense increased to \$722,000 for the year ended December 31, 1997 as compared to \$127,000 for the year ended December 31, 1996. This was primarily as a result of the interim financing of the various acquisitions the Company made during 1997.

Net income increased 140% to \$9.5 million for the year ended December 31, 1997 from \$3.9 million for the year ended December

31, 1996, while diluted earnings per share increased 95% to \$0.43 from \$0.22. The strong earnings growth experienced by the Company is the result of both increased revenue and higher profit margins. The increase in earnings per share during the period was not commensurate with the increase in net income for the period as the average number of shares outstanding for the year ended December 31, 1997 increased as a result of the issuance of approximately 4.5 million shares upon the exercise of the Company's Class B Warrants, which were redeemed in September 1997, and as a result of the public offering of approximately 3.9 million shares of Common Stock completed in December 1997.

Comparison of Results of Operations for the Years Ended December 31, 1996 and 1995

The year ended December 31, 1996 was the first full year the Company had under new management since the Share Exchange. The Company's 1996 results were impacted by three main factors: an increase in the Company's internal growth as a result of increased levels of activity in the Gulf of Mexico; the creation of the Joint Venture, which resulted in the realization of profits by the Company in 1996 from its fishing and rental tool business in West Texas as compared to losses in 1995; and the acquisitions the Company completed in the second half of the year.

The Company's revenue increased 92% to \$23.6 million for the year ended December 31, 1996 as compared to \$12.3 million for the year ended December 31, 1995. In comparing 1996 to 1995, without giving effect to acquisitions or the Joint Venture, revenue increased 36% as a result of increased levels of activity in the Gulf of Mexico. Of the increase in revenue, \$5.8 million was generated by businesses acquired by the Company in late 1995 and 1996, and \$1.3 million from the Joint Venture.

The Company's gross margin increased to 53.3% for the year ended December 31, 1996 from 39.3% for the year ended December 31, 1995. In comparing 1996 to 1995, without giving effect to acquisitions or the Joint Venture, gross margins increased to 46.3% in 1996 from 37.8% in 1995. The significant increase in gross margins was primarily the result of a decrease in the amount of marine equipment rented by the Company for its P&A operations during the period, the cost of which is billed to the customer without the usual mark-up and collected as revenue, as well as an increase in the percentage of the Company's revenue attributable to the rental tool and data acquisition businesses, which tend to have higher margins than the Company's other businesses.

Depreciation and amortization increased 402%, to \$1.3 million for the year ended December 31, 1996 compared to \$259,000 for the year ended December 31, 1995. This increase was due primarily to the inclusion of Oil Stop and the assets contributed to the Joint Venture for a full year in 1996 as compared to only two weeks in 1995 and, to a lesser extent, the increase in the Company's asset base as a result of the acquisitions completed in 1996. General and administrative expenses were 23.4% of revenue for the year ended December 31, 1996 as compared to 26.4% of revenue for the year ended December 31, 1995.

Effective as of December 31, 1995, the Company elected the early adoption of Statement of Financial Accounting Standards (FAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. The undiscounted net cash flows from the Joint Venture were less than the carrying value of the fixed assets devoted to the Joint Venture and associated goodwill, indicating that an impairment had taken place. As a result, the Company recognized a non-cash charge in 1995 for the impairment of long-lived assets of \$4.0 million, consisting of the write-off of \$3.5 million of goodwill and \$0.5 million of property, plant and equipment.

Net income for the year ended December 31, 1996 was \$3.9 million resulting in diluted earnings of \$0.22 per share. This compares to a net loss, as adjusted for pro forma income taxes, of \$3.4 million or a diluted loss per share of \$0.38 for the year ended December 31, 1995. Prior to the Share Exchange, the Superior Companies were sub-chapter S corporations for federal income tax purposes and thus paid no federal income tax at the corporate level. Results for the year ended December 31, 1995,

also include a one-time charge of \$4.0 million for the impairment of long-lived assets discussed above.

Liquidity and Capital Resources

At December 31, 1997, the Company had \$18.5 million in working capital as compared to \$2.5 million at December 31, 1996. For the year ended December 31, 1997, the Company had net income of \$9.5 million and net cash provided by operating activities of \$2.3 million as compared to \$3.9 million and \$2.7 million, respectively for 1996. The Company's EBITDA (earnings before interest, income taxes, depreciation and amortization expenses) increased to \$18.5 million for the year ended December 31, 1997 as compared to \$7.1 million for the year ended December 31, 1996. The increase in net income, cash flow and EBITDA was the result of the Company's internal growth as well as the impact of the acquisitions completed in 1997 and 1996.

In December 1997, the Company completed a public offering of 3.9 million shares of Common Stock. The net proceeds of the Common Stock offering, after the underwriting discount and other offering related expenses, were approximately \$36.9 million. The proceeds of this offering were used to repay a portion of the amount borrowed under the Company's Bank Credit Facility to complete the acquisitions of Stabil Drill Specialties, Inc. and Sub-Surface Tools, Inc.

During the year ended December 31, 1997, the Company completed six acquisitions for an aggregate of \$50.2 million in cash, 1,520,000 shares of Common Stock and promissory notes providing for contingent payments of up to \$20.7 million plus interest. The amounts due under the promissory notes are contingent upon the achievement of certain financial goals by the acquired companies during a period approximately three years from the date of their acquisition. These acquisitions were ultimately funded with proceeds from the Company's stock offering and the \$14.5 million from the issuance of Common Stock upon the exercise of the Company's B Warrants, prior to their redemption in September 1997.

The Company made additional capital expenditures of \$9.8 million for the year ended December 31, 1997 as compared to \$2.0 million for the year ended December 31, 1996. These expenditures in 1997 were primarily for additional P&A equipment spreads, wireline units and additions to the Company's rental equipment inventory. In 1997, the Company also purchased a 26,000 square foot building and adjacent property, which it is currently renovating. The Company expects to consolidate all of its New Orleans area sales and administrative functions in this facility.

In February 1998, the Company amended its revolving credit facility with Whitney National Bank and other banks (the "Bank Credit Facility"), to provide for a revolving line of credit of up to \$45.0 million, matures on April 30, 2000, and bears interest at an annual rate of LIBOR plus a margin that depends on the Company's debt coverage ratio. As of March 2, 1998, there was \$13.4 million outstanding under the credit facility at an interest rate of approximately 7.4% per annum. Borrowings under the Bank Credit Facility are available for acquisitions, working capital, letters of credit (up to \$2.0 million) and general corporate purposes. Indebtedness under the Bank Credit Facility is guaranteed by the Company's subsidiaries, collateralized by substantially all of the assets of the Company and its subsidiaries, and a pledge of all the common stock of the Company's subsidiaries. Pursuant to the Bank Credit Facility, the Company has agreed to maintain certain financial ratios. The Bank Credit Facility also imposes certain limitations on the ability of the Company to make capital expenditures, pay dividends or other distributions to its stockholders, make acquisitions or incur indebtedness outside of the Bank Credit Facility.

Management currently believes that the Company will have capital expenditures, excluding acquisitions, of approximately \$15 to \$20 million in 1998, primarily for additional rental tool inventory and additional P&A and wireline equipment. The Company believes that cash generated from operations and availability under the Bank Credit Facility will provide sufficient funds for the Company's identified capital projects and working capital requirements. However, part of the Company's strategy involves the acquisition of companies which have products and services

complementary to the Company's existing base of operations. Depending on the size of any future acquisitions, the Company may require additional debt financing, possibly in excess of the limits of the Bank Credit Facility, or additional equity financing.

The Company has considered the impact of the Year 2000 issue on its computer systems. It is anticipated that all reprogramming efforts will be completed by the end of 1998, allowing adequate time for testing. Management has determined that the compliance expense will not have a material effect on the financial position of the Company

Recently Issued Financial Accounting Standards

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("FAS No. 130"), which establishes standards for reporting and display of comprehensive income and its components. The components of comprehensive income refer to revenues, expenses, gains and losses that are excluded from net income under current accounting standards, including foreign currency translation items, minimum pension liability adjustments and unrealized gains and losses on certain investments in debt and equity securities. FAS No. 130 requires that all items that are recognized under accounting standards as components of comprehensive income be reported in a financial statement displayed in equal prominence with the other financial statements; the total of other comprehensive income for a period is required to be transferred to a component of equity that is separately displayed in a statement of financial position at the end of an accounting period. The Company plans to adopt FAS No. 130 for the quarter ended March 31, 1998.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information ("FAS No. 131"). FAS No. 131 establishes standards for the way public enterprises are to report information about operating segments in annual financial statements and requires the reporting of selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. The Company plans to adopt FAS No. 131 for the year ended December 31, 1998.

Item 7. Financial Statements

Independent Auditors' Report

The Board of Directors and Shareholders
Superior Energy Services, Inc.:

We have audited the consolidated balance sheets of Superior Energy Services, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Superior Energy Services, Inc. and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the years then ended in

conformity with generally accepted accounting principles.

KPMG PEAT MARWICK LLP

New Orleans, Louisiana
February 20, 1998

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 1997 and 1996
(in thousands)

Assets	1997	1996
Current assets:		
Cash and cash equivalents	\$ 1,902	\$ 433
Accounts receivable - net of allowance for doubtful accounts of \$551,000 in 1997 and \$149,000 in 1996	24,054	6,966
Inventories	1,778	1,197
Other	1,513	345
	-----	-----
Total current assets	29,247	8,941
Property, plant and equipment - net	51,797	9,894
Goodwill - net	35,989	8,239
Patent - net	1,027	1,126
	-----	-----
Total assets	\$ 118,060	\$ 28,200
	=====	=====
 Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 5,976	\$ 1,800
Accrued expenses	3,872	1,562
Income taxes payable	893	1,208
Notes payable - other	-	1,171
Unearned income	-	392
Notes payable - bank	-	351
	-----	-----
Total current liabilities	10,741	6,484
	-----	-----
Deferred income taxes	7,127	1,117
Long-term debt	11,339	250
Stockholders' equity:		
Preferred stock of \$.01 par value. Authorized, 5,000,000 shares; none issued	-	-
Common stock of \$.001 par value. Authorized, 40,000,000 shares; issued and outstanding: 1997 - 29,173,390 shares; 1996 - 18,597,045 shares	29	19
Additional paid-in capital	78,590	19,551
Retained earnings	10,234	779
	-----	-----
Total stockholders' equity	88,853	20,349
	-----	-----
Total liabilities and stockholders' equity	\$ 118,060	\$ 28,200
	=====	=====

See accompanying notes to consolidated financial statements

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended December 31, 1997 and 1996
(in thousands, except per share data)

1997

1996

Revenues	\$ 54,256	\$ 23,638
	-----	-----
Costs and expenses:		
Costs of services	23,216	11,040
Depreciation and amortization	3,272	1,323
General and administrative	12,530	5,531
	-----	-----
Total costs and expenses	39,018	17,894
	-----	-----
Income from operations	15,238	5,744
Interest expense-net	722	127
Income before income taxes	14,516	5,617
Provision for income taxes	5,061	1,685
	-----	-----
Net income	\$ 9,455	\$ 3,932
	=====	=====
Earnings per share:		
Basic	\$ 0.44	\$ 0.22
	=====	=====
Diluted	\$ 0.43	\$ 0.22
	=====	=====
Weighted average common shares used in computing earnings per share:		
Basic	21,695	17,566
	=====	=====
Diluted	21,993	17,619
	=====	=====

See accompanying notes to consolidated financial statements

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
December 31, 1997 and 1996
(in thousands, except share data)

	Common stock shares	Common stock	Additional paid-in capital	Retained earnings	Total
Balance, December 31, 1995	17,032,916	\$ 17	\$ 16,230	\$ (3,153)	\$ 13,094
Net income	-	-	-	3,932	3,932
Acquisition of remaining minority interest in Ace Rental Tools, Inc.	14,129	-	35	-	35
Acquisition of Baytron, Inc.	550,000	1	1,099	-	1,100
Acquisition of Dimensional Oil Field Services, Inc.	1,000,000	1	2,187	-	2,188
	-----	-----	-----	-----	-----
Balance, December 31, 1996	18,597,045	19	19,551	779	20,349
Net income	-	-	-	9,455	9,455
Acquisition of Nautilus Pipe & Tool Rentals, Inc.	420,000	-	1,837	-	1,837
Acquisition of Tong Rentals & Supply Co., Inc.	1,100,000	1	5,499	-	5,500
Exercise of B Warrants	4,466,509	4	14,468	-	14,472
Sale of Common Stock	3,900,000	4	36,867	-	36,871

Exercise of Stock Options	689,836	1	368	-	369
Balance, December 31, 1997	29,173,390	\$ 29	\$ 78,590	\$ 10,234	\$ 88,853

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended December 31, 1997 and 1996
(in thousands)

	1997	1996
Cash flows from operating activities:		
Net income	\$ 9,455	\$ 3,932
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,272	1,323
Unearned income	(392)	(692)
Deferred income taxes	(65)	258
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(7,707)	(1,490)
Inventories	(572)	(229)
Other - net	(249)	(56)
Accounts payable	403	(1,482)
Due to shareholders	(1,433)	(302)
Accrued expenses	1,083	751
Income taxes payable	(1,452)	663
Net cash provided by operating activities	2,343	2,676
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	354
Payments for purchases of property and equipment	(9,804)	1,965
Deferred payment for acquisition of Oil Stop, Inc.	-	(2,000)
Acquisition of businesses, net of cash acquired	(47,793)	(2,321)
Net cash used in investing activities	(57,597)	(5,932)
Cash flows from financing activities:		
Notes payable	5,011	(1,379)
Proceeds from sale of common stock	36,871	-
Proceeds from exercise of B warrants	14,472	-
Proceeds from exercise of stock options	369	-
Net cash provided by (used in) financing activities	56,723	(1,379)
Net increase (decrease) in cash and cash equivalents	1,469	(4,635)
Cash and cash equivalents at beginning of year	433	5,068
Cash and cash equivalents at end of year	\$ 1,902	\$ 433

See accompanying notes to consolidated financial statements

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 1997 and 1996

(1) Summary of Significant Accounting Policies

(a)
Basis of Presentation

The consolidated financial statements include the accounts of Superior Energy Services, Inc. and its subsidiaries (the Company). All significant intercompany accounts and transactions are eliminated in consolidation. Certain previously reported amounts have been reclassified to conform to the 1997 presentation.

(b)
Business

The Company provides a broad range of specialized oilfield services and equipment primarily to major and independent oil and gas companies engaged in the exploration, production and development of oil and gas properties offshore in the Gulf of Mexico and throughout the Gulf Coast region. These services and equipment include the rental of specialized oilfield equipment, oil and gas well plug and abandonment services, electric and mechanical wireline services, the manufacture, sale and rental of drilling instrumentation and the manufacture and sale of oil spill containment equipment. A majority of the Company's business is conducted with major oil and gas exploration companies. The Company continually evaluates the financial strength of their customers but does not require collateral to support the customer receivables. The Company operated as one segment in 1997 and 1996.

Chevron USA accounted for 27.0% and 34.5% of the Company's revenue for the years ended December 31, 1997 and 1996, respectively. No other customer accounted for 10 percent or more of revenue in either year.

(c) Use of Estimates

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

(d)
Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related lives as follows:

Buildings	30 years
Machinery and equipment	5 to 15 years
Automobiles, trucks, tractors and trailers	2 to 5 years
Furniture and equipment	5 to 7 years

The Company assesses the potential impairment of capitalized costs of long-lived assets in accordance with Statement of Financial Accounting Standards (FAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. Under this method, the Company

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies (continued)

assesses its capitalized costs utilizing its current estimate of future revenues and operating expenses. In the event net undiscounted cash flow is less than capitalized costs, an impairment loss is recorded based on estimated fair value, which would consider discounted future net cash flows.

(e) Goodwill

The Company amortizes costs in excess of fair value of net

assets of businesses acquired using the straight-line method over a period not to exceed 30 years. Recoverability is reviewed by comparing the undiscounted fair value of cash flows of the assets, to which the goodwill applies to the net book value, including goodwill, of assets.

(f) Inventories

Inventories are stated at the lower of average cost or market. The cost of booms and parts are determined principally on the first-in, first-out method.

(g) Cash Equivalents

The Company considers all short-term deposits with a maturity of ninety days or less to be cash equivalents.

(h) Revenue Recognition

For the Company's P&A, wireline and rental tool operations, revenue is recognized when services or equipment are provided. The Company contracts for P&A and wireline projects either on a day rate or turnkey basis, with a majority of its projects conducted on a day rate basis. The Company's rental tools are leased on a day rate basis, and revenue from the sale of equipment is recognized when the equipment is shipped. Reimbursement from customers for the cost of rental tools that are damaged or lost downhole are reflected as revenue at the time of the incident.

(i) Income Taxes

The Company provides for income taxes in accordance with Statement of Financial Accounting Standards (FAS) No. 109, Accounting for Income Taxes. FAS No. 109 requires an asset and liability approach for financial accounting and reporting for income taxes. Deferred income taxes reflect the impact of temporary differences between amounts of assets for financial reporting purposes and such amounts as measured by tax laws.

(j) Patents

Patents are amortized using the straight-line method over the life of each patent.

(k) Earnings per Share

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (FAS) No. 128, Earnings Per Share. FAS No. 128 changes the computation, presentation and disclosure requirements for earnings per share amounts. FAS No. 128 requires presentation of "basic"

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies (continued)

and "diluted" earnings per share, as defined, on the face of the income statement for all entities with complex capital structures. The Company adopted FAS No. 128 in 1997 on a retroactive basis accordingly, per share amounts for the year ended December 31, 1996, have been restated to conform to the requirements of FAS No. 128. The number of dilutive stock options and warrants used in computing diluted earnings per share were 298,000 in 1997 and 53,000 in 1996.

(l) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and long-term debt. The carrying amount of these financial instruments approximates their fair values.

(2) Supplemental Cash Flows Information (in thousands)

	1997	1996
Cash paid for:		
Interest	\$ 649	\$ 106
	=====	=====
Income Taxes	\$ 5,195	\$ 994
	=====	=====
Details of acquisitions:		
Fair value of assets	\$ 76,245	\$ 8,439
	-----	-----
Fair value of liabilities	18,202	2,329
Common stock issued	7,338	3,288
Note payable	-	250
	-----	-----
Cash paid	50,705	2,572
Less cash acquired	2,912	251
	-----	-----
Net cash paid for acquisitions	\$ 47,793	\$ 2,321
	=====	=====

(3) Business Combinations

In February 1997, the Company acquired all of the outstanding common stock of Nautilus Pipe & Tool Rental, Inc. and Superior Bearing & Machine Works, Inc. (collectively doing business as "Concentric Pipe & Tool Rentals") for \$4,000,000 cash, 420,000 shares of the Company's common stock (at \$4 3/8 per share market price on the date of the purchase) and a promissory note for \$2,465,000. The amount payable under the promissory note is subject to certain contingencies and is not reflected in the purchase price, which approximated \$5,838,000. The property, plant and equipment of Concentric Pipe and Tool Rentals were valued at their estimated fair value of approximately \$4,768,000. Deferred taxes have been provided for the difference between the book and tax basis of the property. The remaining assets approximated their fair values. The excess purchase price over the fair value of the net assets of Concentric Pipe and Tool Rentals at February 28, 1997 of approximately \$2,561,000 was allocated to goodwill.

In April 1997, the Company acquired all of the outstanding common stock of F & F Wireline Service, Inc. ("F&F") for \$900,000 cash and a promissory note for \$600,000. The promissory note is subject to certain minimum earnings requirements and is not reflected in the purchase price of approximately \$900,000. The property, plant and

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(3) Business Combinations (continued)

equipment of F & F were valued at their estimated fair value of approximately \$869,000. Deferred taxes have been provided for the difference between the book and tax basis of the property. The remaining assets approximate their fair values. The excess of purchase price over the fair value of the net assets of F & F at April 30, 1997 of approximately \$344,000 was allocated to goodwill.

In May 1997, the Company acquired pursuant to a statutory merger Tong Rentals and Supply Company, Inc. ("Tong") for \$5,500,000 cash and 1,100,000 shares of the Company's common stock (at a \$5.00 per share market price on the date of the merger). The property, plant and equipment of Tong were valued at their estimated fair value of approximately \$4,252,000. Deferred income taxes have been provided for the difference between the book and tax basis of the property. The remaining assets and liabilities approximated their fair values. The excess purchase price over the fair value of the net assets of Tong at May 31, 1997 of approximately \$6,731,000 was allocated to goodwill.

In September 1997, the Company acquired all of the outstanding common stock of Fastorq, Inc. ("Fastorq") for \$4,810,000 cash and a promissory note for \$2,590,000. The promissory note is subject to certain minimum earnings

requirements and is not reflected in the purchase price which approximated \$4,810,000. The property, plant and equipment of Fastorq were valued at their estimated fair value of approximately \$1,192,000. Deferred income taxes have been provided for the difference between the book and tax basis of the property. The remaining assets and liabilities approximated their fair values. The excess purchase price over the fair value of the net assets of Fastorq at September 30, 1997 of approximately \$2,066,000 was allocated to goodwill.

In October 1997, the Company acquired all of the outstanding common stock of Stabil Drill Specialties, Inc. ("Stabil Drill") for \$17,500,000 cash and a promissory note for \$7,500,000. The promissory note is subject to certain minimum earnings requirements and is not reflected in the purchase price, which approximated \$17,500,000. The property, plant and equipment of Stabil Drill were valued at their estimated fair value of approximately \$6,011,000. Deferred income taxes have been provided for the difference between the book and tax basis of the property. The remaining assets and liabilities approximated their fair values. The excess purchase price over the fair value of the net assets of Stabil Drill at October 31, 1997 of approximately \$12,252,000 was allocated to goodwill.

In November 1997, the Company, acquired all of the outstanding common stock of Sub-Surface Tools, Inc. ("Sub-Surface") for \$17,500,000 cash and a promissory note for \$7,500,000. The promissory note is subject to certain minimum earnings requirements and is not reflected in the purchase price, which approximated \$17,500,000. The property, plant and equipment of Sub-Surface were valued at their estimated fair value of approximately \$17,870,000. Deferred income taxes have been provided for the difference between the book and tax basis of the property. The remaining assets and liabilities approximated their fair values. The excess purchase price over the fair value of the net assets of Sub-Surface at November 5, 1997 of approximately \$4,074,000 was allocated to goodwill.

In July 1996, the Company, pursuant to a statutory merger, acquired Baytron, Inc. ("Baytron") for \$1,100,000 cash and 550,000 shares of the Company's common stock (at a \$2.00 per share market price on the date of merger) for a total purchase price of \$2,200,000. The property, plant and equipment of Baytron were valued at their estimated fair value of approximately \$791,000. Deferred taxes have been provided for the difference between the book and tax basis of the property. The remaining assets and liabilities approximated their fair values. The excess purchase price over the fair value of the net assets of Baytron at July 31, 1996 of \$1,309,000 was allocated to goodwill.

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(3) Business Combinations (continued)

In September 1996, the Company, pursuant to a statutory merger, acquired all the capital stock of Dimensional Oil Field Services, Inc. ("Dimensional") for \$1,500,000 cash, a promissory note of \$1,000,000 and 1,000,000 shares of the Company's common stock (at a \$2 3/16 per share market price on the date of merger). Promissory notes having an aggregate value of \$750,000 are subject to certain minimum earnings requirements and are not reflected in the purchase price which approximates \$3,984,000. The property, plant and equipment of Dimensional were valued at their estimated fair value of approximately \$1,517,000. Deferred taxes have been provided for the difference between the book and tax basis of the property. The remaining assets and liabilities approximated their fair values. The excess purchase price over the fair value of the net assets of Dimensional at September 15, 1996 of approximately \$2,649,000 was allocated to goodwill.

Each of the above transactions have been accounted for as a purchase and the results of operations of the acquired companies have been included from their acquisition dates.

The following unaudited pro forma information presents a summary of consolidated results of operations as if the acquisitions had occurred on January 1, 1996 with pro forma adjustments to give effects to amortization of goodwill,

depreciation and certain other adjustments together with related income tax effects (in thousands, except per share amounts):

	1997	1996
Revenues	\$ 82,493 =====	\$ 64,163 =====
Net earnings	\$ 12,286 =====	\$ 6,512 =====
Basic earnings per share	\$ 0.55 =====	\$ 0.32 =====
Diluted earnings per share	\$ 0.55 =====	\$ 0.32 =====

The above pro forma financial information is not necessarily indicative of the results of operations as they would have been had the acquisitions been effected on the assumed date.

(4) Property, Plant and Equipment

A summary of property, plant and equipment at December 31, 1997 and 1996 (in thousands) is as follows:

	1997	1996
Buildings	\$ 4,055	\$ 462
Machinery and equipment	44,551	8,725
Automobiles, trucks, trailers and tractors	3,028	1,036
Furniture and fixtures	604	184
Construction-in-progress	2,356	1,170
Land	1,268	20
	-----	-----
	55,862	11,597
Less accumulated depreciation	4,065	1,703
	-----	-----
Property, plant and equipment, net	\$ 51,797 =====	\$ 9,894 =====

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(4) Property, Plant and Equipment (continued)

The cost of property, plant and equipment leased to third parties was \$5,266,000 at December 31, 1997 and 1996. Interest cost incurred during the period of construction of plant and equipment is capitalized. The interest cost capitalized on plant and equipment was \$167,000 in 1997 and none in 1996.

(5) Notes Payable

The Company's notes payable as of December 31, 1997 and 1996 consist of the following (in thousands):

	1997	1996
Revolving line of credit in the original amount of \$45,000,000 bearing interest based on LIBOR plus 1.5% to 2.5% set quarterly (7.27% at December 31, 1997) principal due March 31, 1999	\$ 10,350	\$ -
Master note loan agreement with bank with a maximum principal amount of \$4,000,000 bearing interest at the bank's prime rate (8.25% at December 31, 1996)	-	300
Note payable in connection with purchase of Dimensional Oil Field Services, Inc., due January, 1998, annual interest of 7.0%	250	250
Installment notes payable, annual interest rates of 8.00% to 8.75% at December 31, 1996	-	51

Notes payable to certain individuals, dated July 31, 1997, in the original amount of \$400,000 with imputed interest of 8.5%, due in annual installments of \$100,000 through July 31, 2000, unsecured

255 -

Other installment notes payable with interest rates ranging from 8% to 10% due in monthly installments through April, 2011

484 -

11,339 601

Less current portion of notes payable

- 351

Long-term debt

\$ 11,339 \$ 250
=====

At December 31, 1997 and 1996, the Company had notes payable related to acquisitions totaling \$21,405,000 and \$750,000, respectively, which are not recorded as their payment is subject to certain minimum earnings requirements.

The Corporation maintains a revolving credit agreement, which provides for borrowing up to \$45,000,000 through March 31, 1999. Subsequent to December 31, 1997, the line of credit was amended to extend the term to April 30, 2000. The agreement provides for LIBOR interest rates plus an applicable margin ranging from 1.5% to

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(5) Notes Payable (continued)

2.5%. A commitment fee ranging from .25% to .325% per annum is payable on the unused portion of the credit. The Company is not required to maintain compensating balances in connection with these agreements.

(6) Income Taxes

The components of income tax expense for the year ended December 31, 1997 and 1996 are as follows (in thousands):

	1997	1996
Current		
Federal	\$ 3,973	\$ 1,382
State	621	54
	-----	-----
	4,594	1,436
	-----	-----
Deferred:		
Federal	404	242
State	63	7
	-----	-----
	467	249
	-----	-----
	\$ 5,061	\$ 1,685
	=====	=====

The significant components of deferred income taxes at December 31, 1997 and 1996 are as follows (in thousands):

	1997	1996
Deferred tax assets:		
Unearned income	\$ -	\$ 137
Allowance for doubtful accounts	199	51
Net operating loss carryforward	979	942
	-----	-----
	1,178	1,130
Valuation allowance	(1,034)	(992)
	-----	-----
Net deferred tax asset	144	138
	-----	-----
Deferred tax liabilities:		
Property, plant and equipment	(6,408)	(947)
Patent	(280)	(308)
Other	(583)	-
	-----	-----
	(7,271)	(1,255)

 \$ (7,127) \$ (1,117)
 =====

SUPERIOR ENERGY SERVICES, INC.
 AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(6) Income Taxes (continued)

A valuation allowance is provided to reduce the deferred tax assets to a level which, more likely than not, will be realized. The net change in the valuation allowance for the year ended December 31, 1996 was a decrease of \$908,000. The net deferred tax assets reflect management's estimate of the amount which will be realized from future profitability which can be predicted with reasonable certainty.

As of December 31, 1997, the Company had a net operating loss carryforward of approximately \$2.9 million which is available to reduce future Federal taxable income through 2010. The utilization of the net operating loss carryforward is limited to approximately \$238,000 a year.

A reconciliation between the statutory federal income rate and the Company's effective tax rate on pretax income for the year ended December 31, 1997 and 1996 is as follows:

	1997	1996
Federal income tax rate	34.0%	34.0%
Valuation allowance adjustment	-	(6.3)
Other	.9	2.3
	-----	-----
Effective income tax rate	34.9%	30.0%
	=====	=====

(7) Stockholders' Equity

At December 31, 1997 the following were outstanding:

- (a) Warrants entitling the holders thereof to purchase an aggregate of 8,333 Common Stock until January 17, 2000 at an exercise price of \$1.00 per share;
- (b) Options to purchase an aggregate of 70,000 shares of Common Stock until December 31, 2000 at an exercise price of \$3.60 per share;
- (c) Options to purchase an aggregate of 25,000 Shares of Common Stock until May 5, 1998 at an exercise price of \$4.75 per share;

In October 1995, the Company's stockholders approved the 1995 Stock Incentive Plan (Incentive Plan) to provide long-term incentives to its key employees, including officers and directors who are employees of the Company (Eligible Employees). Under the Incentive Plan, the Company may grant incentive stock options, non-qualified stock options, restricted stock, stock awards or any combination thereof to Eligible Employees for up to 600,000 shares of the Company's Common Stock. In July 1997, the stockholders approved an amendment to the 1995 Stock Incentive Plan which increased to the total number of incentive shares that may be granted from 600,000 to 1,400,000. The Compensation Committee of the Board of Directors establishes the exercise price of any stock options granted under the Incentive Plan, provided the exercise price may not be less than the fair market value of a common share on the date of grant.

SUPERIOR ENERGY SERVICES, INC.
 AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(7) Stockholders' Equity (continued)

A summary of stock options granted under the Incentive Plan for the years ended December 31, 1997 and 1996 are as follows:

	1997		1996	
	Number of Shares	Weighted Average Price	Number of Shares	Weighted Average Price
Outstanding at beginning of year	531,500	\$ 2.55	150,000	\$2.53
Granted	860,500	\$ 4.56	421,500	\$2.56
Exercised	(54,200)	\$ 2.60	-	-
Forfeited	-		(40,000)	\$2.56
Canceled	-		-	-
Outstanding at the end of year	<u>1,337,800</u>	<u>\$ 3.84</u>	<u>531,500</u>	<u>\$2.55</u>
Exercisable at end of year	<u>443,300</u>	<u>\$ 2.58</u>	<u>357,000</u>	<u>\$2.55</u>
Available for future grants	<u>8,000</u>		<u>68,500</u>	

A summary of information regarding stock options outstanding at December 31, 1997 is as follows:

Range of Exercise Prices	Shares	Options Outstanding		Options Exercisable	
		Remaining Contractual Life	Weighted Average Price	Shares	Weighted Average Price
\$2.5 - 3.43	837,800	8 - 9 yrs	\$2.92	443,300	\$2.58
\$4.75 - 9.25	500,000	9.5 yrs	\$5.38	-	-

The Company accounts for its stock based compensation under the principles prescribed by the Accounting Principles Board's Opinion No. 25, Accounting for Stock Issued to Employees (Opinion No. 25). However, Statement of Financial Accounting Standards (FAS) No. 123 Accounting for Stock-Based Compensation permits the continued use of the value based method prescribed by Opinion No. 25 but requires additional disclosures, including pro forma calculations of earnings and net earnings per share as if the fair value method of accounting prescribed by FAS No. 123 had been applied. The pro forma data presented below is not

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(7) Stockholders' Equity (continued)

representative of the effects on reported amounts for future years (in thousands, except per share amounts).

	As Reported		Pro forma	
	1997	1996	1997	1996
Net income	\$ 9,455	\$ 3,932	\$ 9,117	\$ 3,798
Basic earnings per share	\$ 0.44	0.22	\$ 0.42	\$ 0.22
Diluted earnings per share	\$ 0.43	0.22	\$ 0.41	\$ 0.22
Average fair value of	\$ -	\$ -	\$ 1.48	\$ 0.58

grants during the year	=====	=====	=====	=====
Black-Scholes option pricing model assumptions				
Risk free interest rate		6.1%		6.1%
Expected life (years)		2		3
Volatility		73.0%		20.6%
Dividend yield		-0-		-0-
		=====		=====

(8) Commitments and Contingencies

The Company leases certain office, service and assembly facilities under operating leases. The leases expire at various dates over the next several years. Total rent expense was \$331,000 in 1997 and \$169,000 in 1996. Future minimum lease payments under non-cancelable leases for the five years ending December 31, 1998 through 2002 are as follows: \$382,000, \$270,000, \$172,000, \$35,000 and \$8,000 respectively.

From time to time, the Company is involved in litigation arising out of operations in the normal course of business. In management's opinion, the Company is not involved in any litigation, the outcome of which would have a material effect on its business or operations.

(9) Related Party Transactions

The Company paid consulting fees to a director, who is not an employee, of \$13,000 in 1997 and \$23,000 in 1996. The employment contract of a director, who is a former officer, was converted to a consulting agreement, in May 1996. He was paid \$60,000 in 1997 and 1996. Subsequent to year end, this directors contract was terminated by paying \$60,000 and a note receivable the Company had fully reserved in prior years. The Company also paid a director, who is also an employee and a shareholder rent, of approximately \$70,000 in 1997 and \$46,000 in 1996. The Company is obligated to make such rent payments in the future as follows: \$70,000 in 1998 and \$46,000 in 1999.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Information required by this item will be included in the Company's definitive proxy statement in connection with its 1998 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 10. Executive Compensation

Information required by this item will be included in the Company's definitive proxy statement in connection with its 1998 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Information required by this item will be included in the Company's definitive proxy statement in connection with its 1998 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Certain Relationships and Related Transactions

Information required by this item will be included in the Company's definitive proxy statement in connection with its 1998 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Exhibits and Reports on Form 8-K

(a) Exhibits. Reference is made to the Exhibit Index beginning on page E-1 hereof.

(b) Reports on Form 8-K. During the fourth quarter of 1997, the Company filed Current Reports on Form 8-K dated October 3, 1997 (Items 2 and 7), October 31, 1997 (Items 2 and 7) and November 5, 1997 (Item 7). The Current Report on Form 8-K dated October 31, 1997 included the following financial statements:

Pro Forma Condensed Financial Statements

Unaudited Pro Forma Condensed Balance Sheet as of September 30, 1997
Unaudited Pro Forma Condensed Statement of Earnings for the nine months ended September 30, 1997
Unaudited Pro Forma Condensed Statement of Earnings for the year ended December 31, 1996
Notes to unaudited Pro Forma Condensed Financial Statements

Stabil Drill Specialties, Inc.

Independent Auditors' Report
Balance Sheets at August 31, 1996 and 1997
Statements of Income and Retained Earnings for the years ended August 31, 1996 and 1997
Statements of Cash Flows for the years ended August 31, 1996 and 1997
Notes to Financial Statements

Sub-Surface Tools, Inc.

Independent Auditors' Report
Balance Sheet at July 31, 1997
Statement of Income and Retained Earnings for the year ended July 31, 1997
Statement of Cash flows for the year ended July 31, 1997
Notes to Financial Statements

SIGNATURES

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

SUPERIOR ENERGY SERVICES, INC.

By: /s/ Terence E. Hall
Terence E. Hall
Chairman of the Board,
Chief Executive Officer and
President

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Terence E. Hall Terence E. Hall	Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer)	March 13, 1998
/s/ Robert S. Taylor Robert S. Taylor	Chief Financial Officer (Principal Financial and Accounting Officer)	March 13, 1998
/s/ Ernest J. Yancey, Jr. Ernest J. Yancey, Jr.	Director	March 13, 1998
/s/ James E. Ravannack James E. Ravannack	Director	March 13, 1998
/s/ Richard J. Lazes	Director	March 13, 1998

/s/ Bradford Small Director March 13, 1998
Bradford Small

/s/ Justin L. Sullivan Director March 13, 1998
Justin L. Sullivan

Exhibit No.	Description	Sequentially Numbered Page
2.1	Agreement and Plan of Reorganization, dated March 23, 1995, as amended, among the Company, Superior Well Service, Inc. and each of the shareholders of Superior Well Service, Inc. (1)	
2.2	Agreement and Plan of Reorganization, dated May 22, 1995, as amended, among the Company, Oil Stop, Inc. and the sole shareholder of Oil Stop, Inc.(1)	
3.1	Composite of the Company's Certificate of Incorporation.(2)	
3.2	Composite of the Company's By-laws.(3)	
4.1	Specimen Stock Certificate. (4)	
4.2	Form of Private Warrant dated January 18, 1995. (5)	
10.1	Revolving Credit by and between Whitney National Bank, the banks named therein and the Company dated as of February 17, 1998.	
10.2	Agreement and Plan of Merger dated September 15, 1996, by and among the Company, Dimensional Oil Field Acquisition, Inc., Dimensional Oil Field Services, Inc. and Emmett E. Crockett, Evelyn Crockett, George K. Crockett and Robert L. Crockett.(6)	
10.3	Agreement and Plan of merger dated July 30, 1996 by and among the Company, Baytron Acquisition, Inc., Baytron, Inc., James Edwards and Judy Edwards dated July 30, 1996.(3)	
10.4	Stock Purchase Agreement dated February 28, 1997, by and between the Company and John C. Gordon.(7)	
10.5	Agreement and Plan of Merger dated as of May 31, 1997, by and among the Company, Tong Rentals and Supply Acquisition, Inc. Tong Rentals and Supply Company, Inc. and Rufus L. Patin (8)	
10.6	Stock Purchase Agreement dated as of September 30, 1997, by and among the Company, Phillip D. Jaudon and Al J. Shiyou (9)	
10.7	Stock Purchase Agreement dated October 31, 1997, by and between the Company and the stockholders of Stabil Drill Specialties, Inc.(10)	
10.8	Stock Purchase Agreement dated November 5, 1997, by and between the Company and the stockholders of Sub-Surface Tools, Inc. (10)	
10.9	1995 Stock Incentive Plan, as amended (11)	
10.10	Joint Venture Agreement between G&L Tool Company and Superior Fishing and Rental, Inc. dated January 8, 1996. (3)	
10.11	Form of Consultant Option, as amended (12)	
10.12	Lease of Commercial Property dated January 1, 1997 between Oil Stop, Inc. and Richard Lazes	

Exhibit No.	Description	Sequentially Numbered Page
-------------	-------------	----------------------------

- 10.13 Lease of Commercial Property dated March 1, 1994 between Oil Stop, Inc. and Richard Lazes.(13)
- 10.14 Employment Agreement between the Company and each of Terence E. Hall, Ernest J. Yancey and James Ravannack.(13)
- 10.15 Employment Agreement between the Company and Richard J. Lazes.(13)
- 21.1 Subsidiaries of the Company
- 23.1 Consent of KPMG Peat Marwick LLP
- 27.1 Financial Data Schedule

-
- (1) Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement dated September 29, 1995.
 - (2) Incorporated by reference to the Company's Form 10-QSB for the quarter ended March 31, 1996.
 - (3) Incorporated by reference to the Company's Form SB-2 (Registration Statement No. 333-15987).
 - (4) Incorporated by reference to Amendment No. 6 to the Company's Form S-4 on Form SB-2 (Registration Statement No. 33-94454)
 - (5) Incorporated by reference to Amendment No. 3 to the Company's Form S-4 on Form SB-2 (Registration No. 33-94454).
 - (6) Incorporated by reference to the Company's Current Report on Form 8-K dated September 16, 1996
 - (7) Incorporated by reference to the Company's Current Report on Form 8-K dated February 28, 1997
 - (8) Incorporated by reference to the Company's Current Report on Form 8-K dated May 31, 1997
 - (9) Incorporated by reference to the Company's Current Report on Form 8-K dated October 3, 1997
 - (10) Incorporated by reference to the Company's Current Report on Form 8-K dated October 31, 1997
 - (11) Incorporated by reference to Exhibit A to the Company's Definitive Proxy Statement dated June 25, 1997
 - (12) Incorporated by reference to Amendment No. 1 to the Company's Form S-4 on Form SB-2 (Registration Statement No. 33-94454)
 - (13) Incorporated by reference to the Company's Registration Statement Form S-4 (Registration Statement No. 33-94454).

REVOLVING CREDIT AGREEMENT

Effective February 17, 1998

BY AND AMONG

SUPERIOR ENERGY SERVICES, INC.
as Borrower,

WHITNEY NATIONAL BANK,
as Agent

and

THE BANKS NAMED HEREIN,
as Banks,

TABLE OF CONTENTS

	Page
SECTION 1.	TERM 1
SECTION 2.	DEFINITIONS 1
2.1	Definitions 1
2.2	Accounting Terms and Determinations 19
SECTION 3.	THE REVOLVING CREDIT LOANS 20
3.1	Revolving Credit Commitments 20
3.2	The Swing Line 20
3.3	Method of Borrowing 21
3.4	Revolving Credit Notes 22
3.5	Termination or Reduction of Commitments 23
3.6	Maturity 23
3.7	Special Swing Loan Provisions 23
SECTION 4.	LETTERS OF CREDIT 24
4.1	Letter of Credit Commitment 24
4.2	Participation by Other Banks 26
4.3	Disbursements 27
4.4	Reimbursement 27
4.5	Replacement or Collateralization of Letters of Credit 27
4.6	Nature of Reimbursement Obligations 28
4.7	Indemnity 29
SECTION 5.	GENERAL PROVISIONS FOR ALL LOANS 29
5.1	Duration of Interest Periods and Selection of Interest Rates 29
5.2	Interest Rates; Interest Payments 30
5.3	Fees 31
5.4	Early Payments 31
5.5	General Provisions as to Payments 32
5.6	Funding Losses 32
5.7	Basis for Determining Interest Rate Inadequate or Unfair 33
5.8	Illegality 33
5.9	Increased Cost 33
5.10	Base Rate Loans Substituted for Affected LIBOR Loans 35
5.11	Capital Adequacy 35
5.12	Survival of Provisions 35
5.13	Discretion of Bank as to Manner of Funding 35
5.14	Computation of Interest 36

5.15	Collateral	36
SECTION 6.	PRECONDITIONS TO LOANS AND LETTERS OF CREDIT	37
6.1	Initial Revolving Credit Loan, Initial Swing Loan or Letter of Credit	37
6.2	All Loans	38
6.3	Letters of Credit	39
SECTION 7.	REPRESENTATIONS AND WARRANTIES	40
7.1	Corporate Existence and Power	40
7.2	Corporate Authorization	40
7.3	Binding Effect	40
7.4	Financial Statements	40
7.5	Litigation	41
7.6	ERISA	41
7.7	Tax Payment	41
7.8	Subsidiaries	41
7.9	Compliance With Other Instruments; None Burdensome	42
7.10	Other Debt, Guarantees, Capitalized Leases	42
7.11	Labor Matters	42
7.12	Title to Property	42
7.13	Regulation U	43
7.14	Investment Company Act of 1940: Public Utility Holding Company Act of 1935	43
7.15	Patents, Licenses, Trademarks, Etc.	43
7.16	Environmental and Safety and Health Matters	43
7.17	Investments	44
7.18	No Default	44
7.19	No Burdensome Restrictions	44
7.20	Disclosure	44
SECTION 8.	COVENANTS	45
8.1	Affirmative Covenants of Borrower	45
	(a)Information	45
	(b)Payment of Indebtedness	46
	(c)Maintenance of Books and Records; Consultations and Inspections	47
	(d)Payment of Taxes	47
	(e)Payment of Claims	48
	(f)Corporate Existence	48
	(g)Maintenance of Property	48
	(h)Compliance with Laws, Regulations, Etc.	48
	(i)Environmental Matters	48
	(j)ERISA Compliance	49
	(k)Notices	50
	(l)Insurance	50
	(m)Financial Covenants	51
	(i) Minimum Consolidated Current Ratio	51
	(ii) Minimum Consolidated Debt Service Coverage	51
	(iii) Maximum Consolidated Funded Debt to Consolidated EBITDA	51
	(iv) Minimum Consolidated Tangible Net Worth	51
	(n)Further Assurances	51
	(o)Accountant	51
	(p)Subsidiaries	51
	(q)Agreements	52
8.2	Negative Covenants of Borrower	52
	(a)Limitation on Indebtedness	52
	(b)Consolidation, Merger, Sale of Assets, Dissolution, Etc.	53
	(c)Sale and Leaseback Transactions	54
	(d)Sale or Discount of Accounts	54
	(e)Transactions with Affiliates	54
	(f)Changes in Nature of Business	54
	(g)Fiscal Year	54
	(h)Distributions	54
	(i)Pension Plans	54
	(j)Restricted Investments	54
	(k)Ownership of Subsidiaries	55
	(l)Capital Expenditures	55
	(m)Change in Control	55
	(n)Change in Management	55
	(o)Operating Lease Obligations	55
8.3	Use of Proceeds	55
SECTION 9.	EVENTS OF DEFAULT	55
SECTION 10.	AGENT	58
10.1	Appointment	58

10.2	Powers	59
10.3	General Immunity	59
10.4	No Responsibility for Loans, Recitals, etc.	59
10.5	Right to Indemnity	59
10.6	Action Upon Instructions of Required Banks	60
10.7	Reliance on Documents; Employment of Agents and Counsel	60
10.8	May Treat Payee as Owner	60
10.9	Agent's Reimbursement	61
10.10	Rights as a Bank	61
10.11	Independent Credit Decision	61
10.12	Resignation of Agent	61
10.13	Duration of Agency	61
SECTION 11. GENERAL 62		
11.1	No Waiver	62
11.2	Right of Setoff	62
11.3	Cost and Expenses	62
11.4	Environmental Indemnity	63
11.5	General Indemnity	63
11.6	Authority to Act	64
11.7	Notices	64
11.8	Consent to Jurisdiction	64
11.9	Sharing of Payments	65
11.10	Governing Law	65
11.11	Amendments and Waivers	65
11.12	References; Headings for Convenience	66
11.13	Successors and Assigns, Participations	66
11.14	Assignment Agreements	67
11.15	Binding Agreement	67
11.16	No Oral Agreements, Entire Agreement	67
11.17	Severability	68
11.18	Counterparts	68
11.19	Resurrection of Borrower's Obligations	68
11.20	Independence of Covenants	68
11.21	Confidentiality	69
11.22	Conflicting Provisions	69

SCHEDULES

2	Existing Liens	
4.1(a)	Existing Letters of Credit	
7.8	Subsidiaries	
7.10	Debts and Guarantees	
7.11	Wage Claims Unpaid and Unaccrued	
7.16	Environmental and OSHA Matters	

EXHIBITS

A	Revolving Credit Note	
B	Swing Line Note	
C	Continuing Guarantee	
D	Form of Standby Letter of Credit Application	
E	Letter of Credit Request	
F	Letter of Warranty and Representation	
G	Assignment and Assumption Agreement	
H(1)	Borrower Security Agreement	
H(2)	Subsidiary Security Agreement	

REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT (this "Agreement") is effective the 17th day of February, 1998, and is made and entered into by and among SUPERIOR ENERGY SERVICES, INC., a Delaware corporation ("Borrower") and the undersigned Banks, including Whitney National Bank in its capacity as a Bank hereunder and as Agent for the Banks under this Agreement.

WITNESSETH:

WHEREAS, the Borrower has requested the Banks (as hereinafter defined) to make revolving loans to the Borrower in an aggregate principal amount not exceeding Forty-Five Million Dollars (\$45,000,000.00) and a swing line available thereunder from Whitney in the maximum principal amount of One Million Dollars (\$1,000,000.00);

WHEREAS, the Borrower has requested that Whitney issue letters of credit for the account of the Borrower and its Subsidiaries from time to time during the Letter of Credit Period as part of the aggregate principal amount of the commitment of the Banks to Borrower hereunder, but such letters of credit shall not in any event exceed in the aggregate an available amount of Two Million Dollars (\$2,000,000.00) at any one time outstanding; and

WHEREAS, the Banks have severally agreed, upon the terms, provisions and conditions set forth herein, to lend such amounts to, and take participations in such letters of credit for the account of Borrower.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby mutually promise and agree as follows:

SECTION 1. TERM.

The "Term" of this Agreement shall commence on the effective date hereof and shall end on April 30, 2000, unless earlier terminated pursuant to the terms hereof.

SECTION 2. DEFINITIONS.

2.1 Definitions. In addition to the terms defined elsewhere in this Agreement or in any Exhibit or Schedule hereto, when used in this Agreement, the following terms shall have the following meanings (such meanings shall be equally applicable to the singular and plural forms of the terms used, as the context requires):

Acquisition shall mean the purchase, merger with or other acquisition by Borrower or any Subsidiary, after the date hereof, of (i) the stock or other equity interest (in whole or in part) in any entity, which, after such Acquisition will be a Subsidiary and will be primarily engaged in the Company Business or (ii) all or substantially all of the assets of any entity which will be used in the Company Business.

Affiliate shall mean any Person (a) which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control of or with Borrower or any Subsidiary, (b) which beneficially owns or holds or has the power to direct the voting power of twenty percent (20%) or more of any class of capital stock of Borrower or any Subsidiary, (c) which has twenty percent (20%) or more of any class of its capital stock (or, in the case of a Person which is not a corporation, twenty percent (20%) or more of its equity interest) beneficially owned or held, directly or indirectly, by Borrower or any Subsidiary, or (d) who is a director, officer or employee of Borrower or any Subsidiary. For purposes of this definition, "control" shall mean the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

Agent shall mean Whitney National Bank in its capacity as agent for the Banks hereunder and its successors in such capacity.

Applicable Margin shall mean, the rate of interest per annum shown in the applicable column below:

	Level I	Level II	Level III	Level IV	Level V
If Ratio of Consolidated Total Debt as of the end of the immediately preceding fiscal quarter to Consolidated EBITDA for the immediately preceding four (4) fiscal quarters is	> 2.0	< 2.0	< 1.50	<1.00	<.500
		-	-	-	
		> 1.5	> 1.00	>.500	
Applicable Margin	2.500%	2.250%	2.000%	1.750%	1.500%

Commitment Fee .325% .300% .275% .250% .250%

The Applicable Margin shall commence at Level V and shall be adjusted on the first day of each March, June, September and December (or, if such day is not a Business Day, on the next succeeding Business Day), based on the ratio of Consolidated Total Debt as of the end of the immediately preceding fiscal quarter to Consolidated EBITDA for the immediately preceding four (4) fiscal quarters. If Borrower should fail to deliver the certificate required by Section 8.1(a)(vi) hereof within the time period set forth in Section 8.1(a)(vi), then, until Borrower shall have provided such certificate, it shall be presumed that the ratio of Consolidated Total Debt as of the end of the immediately preceding fiscal quarter to Consolidated EBITDA for the immediately preceding four (4) fiscal quarters was greater than 2.0 (and, from the date of the delivery of such certificate, the Applicable Margin shall be determined by reference to such certificate).

Assignment Agreement shall mean any of those certain Assignment Agreements described in Section 11.14 herein.

Banks shall collectively mean the banks listed on the signature page hereof, and their respective successors and assigns, with each being a Bank.

Base Rate shall mean the interest rate per annum, determined on any day, equal to the greater of: (i) the Prime Rate then in effect or (ii) the sum of the Fed Funds Rate then in effect, plus One-Half of One Percent (.50%).

Base Rate Loan shall mean any Loan bearing interest at the Base Rate.

Board of Directors shall mean, with respect to any Person, the Board of Directors of such Person or any committee of the Board of Directors of such Person authorized, with respect to any particular matter, to exercise the power of the Board of Directors of such Person.

Borrower's Obligations shall mean, without duplication, any and all present and future indebtedness (including, without limitation, principal, interest, fees, collection costs and expenses, attorneys' fees and other amounts), liabilities and obligations (including, without limitation, reimbursement obligations with respect to Letters of Credit issued by Whitney under this Agreement) of Borrower to the Agent and/or any one or more of the Banks evidenced by or arising under or in connection with this Agreement, the Notes, the Letter of Credit Application(s), and/or any of the other Transaction Documents, whether direct or contingent, due or to become due or now existing or hereafter arising.

Business Day shall mean (a) any day except a Saturday, Sunday or legal holiday observed by the Agent or by commercial banks in New Orleans, Louisiana; and (b) relative to the making, continuing, prepaying or repaying of any LIBOR Loans, any day on which dealings in U.S. Dollars are carried on in the London interbank market.

Capital Expenditure shall mean any expenditure which, as determined in accordance with GAAP, is required to be capitalized on the balance sheet of the Person making the same, but excluding (i) expenditures for the restoration or replacement of fixed assets to the extent funded out of the proceeds of an insurance policy and (ii) Permitted Acquisitions.

Capitalized Lease shall mean any lease of Property, whether real and/or personal, by a Person as lessee which as determined in accordance with GAAP is required to be capitalized on the balance sheet of such Person.

Capitalized Lease Obligations of any Person shall mean, as of the date of any determination thereof, the amount at which the aggregate rental obligations due and to become due under all Capitalized Leases under which such Person is a lessee would be reflected as a liability on a balance sheet of such Person as determined in accordance with GAAP.

CERCLA shall mean the Comprehensive Environmental Response,

Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. '9601 et seq., and as the same may from time to time be further amended, and shall include any and all regulations issued pursuant thereto.

Change in Control shall mean (i) an event or series of events as a result of which any "person" or "group" (as such terms are used in Sections 13(d)(3) and 14(d) of the Exchange Act) (excluding Borrower or any wholly owned subsidiary thereof) is or becomes, directly or indirectly, the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, whether or not applicable) of more than 50% of the combined voting power of the then outstanding securities entitled to vote generally in elections of directors, managers or trustees, as applicable, of Borrower or any successor entity ("Voting Stock") or (ii) the completion of any consolidation with or merger of Borrower into any other Person, or sale, conveyance, transfer or lease by Borrower of all or substantially all of its assets to any Person, or any merger of any other Person into Borrower in a single transaction or series of related transactions, and, in the case of any such transaction or series of related transactions, the outstanding common stock of Borrower is changed or exchanged as a result, unless the stockholders of the Borrower immediately before such transaction own, directly or indirectly, immediately following such transaction, at least a majority of the combined voting power of the outstanding voting securities of the Person resulting from such transaction in substantially the same proportion as their ownership of the Voting Stock immediately before such transaction.

Code shall mean the Internal Revenue Code of 1986, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of the Code shall be construed to also refer to any successor sections.

Commitment shall mean, with respect to each Bank, the sum of such Bank's Revolving Credit Commitment, and its Swing Line Commitment, if any.

Company Business shall mean the (i) sale, lease, distribution, repair and manufacture of oil and gas related equipment, parts and supplies, (ii) the providing of services relating to the exploration, development or production of oil and gas and (iii) any other activities ancillary to the foregoing.

Consolidated Current Ratio shall mean, as of any date for which its is being determined, the ratio of (a) current assets of Borrower and its Subsidiaries as of such date, as determined on a consolidated basis in accordance with GAAP, to (b) current liabilities of Borrower and its Subsidiaries as of such date, as determined on a consolidated basis in accordance with GAAP, but excluding the principal amount of the Loans outstanding as of such date.

Consolidated Debt Service Coverage Ratio shall mean, as of any date for which it is being determined, the ratio of (a) Consolidated EBITDA for the immediately preceding four (4) fiscal quarters (including any fiscal quarter ending on such date) minus Capital Expenditures of Borrower or any Subsidiary during the immediately preceding four (4) fiscal quarters (including any fiscal quarter ending on such date) minus all provisions for any federal, state, local and/or foreign income taxes made by Borrower or any Subsidiary during the immediately preceding four (4) fiscal quarters (including any fiscal quarter ending on such date), to (b) Consolidated Interest Expense for the immediately preceding four (4) fiscal quarters (including any fiscal quarter ending on such date) plus Consolidated Scheduled Principal Payments for the immediately preceding four (4) fiscal quarters (including any fiscal quarter ending on such date) plus the principal portion of Capitalized Lease Obligations payable by Borrower or any Subsidiary in respect of the immediately preceding four (4) fiscal quarters (including any fiscal quarter ending on such date).

Consolidated EBITDA shall mean, for any period, the sum of the following: (a) Consolidated Net Income during such period plus (b) to the extent deducted in determining Consolidated Net Income, the sum of (i) Consolidated Interest Expense during such period, plus (ii) all provisions for any federal, state, local

and/or foreign income taxes made by Borrower or any Subsidiary during such period (whether paid or deferred) plus (iii) all depreciation and amortization expenses and all other non-cash items of Borrower or any Subsidiary during such period, all determined on a consolidated basis as determined in accordance with GAAP plus (c) to the extent not already included in Consolidated Net Income, the sum of (i) the earnings before depreciation, amortization, interest expense, extraordinary items and taxes during such period of any Subsidiaries acquired during such period as determined in accordance with GAAP plus (ii) any additional amount requested by Borrower and approved by the Required Banks that is appropriate to reflect any additional earnings during such period of any Subsidiaries acquired during such period that would have been recognized if they had been a Subsidiary for the entire period minus to the extent not already included in Consolidated Interest Expense, the estimated interest expense, in an amount approved by the Required Banks, that Borrower or any Subsidiary would have incurred during such period had any Indebtedness that Borrower or any Subsidiary incurred in connection with the acquisition of any Subsidiaries during such period been in existence for the entire period.

Consolidated Funded Debt shall mean, as of any date of determination thereof, (a) the sum of the following, without duplication: (i) all Indebtedness of Borrower or any Subsidiary, other than Borrower's Obligations, which matures in not less than twelve months from the date of incurrence, whether or not represented by bonds, debentures, notes or other securities, for the repayment of money borrowed or for the payment of the purchase price of property or assets purchased, unless secured by a Letter of Credit issued by an Whitney pursuant to this Agreement plus (ii) all Borrower's Obligations plus (iii) all Indebtedness of Borrower or any Subsidiary, which matures in not less than twelve months from the date of incurrence, secured by any mortgage, pledge, security interest or lien existing on property owned by Borrower or any Subsidiary, whether or not the Indebtedness secured thereby shall have been assumed by the owner thereof plus (iv) all Capitalized Lease Obligations of Borrower or any Subsidiary plus (v) all obligations of Borrower or any Subsidiary, contingent or otherwise, relative to the face amount of all letters of credit (as may be reduced pursuant to their terms), whether or not drawn.

Consolidated Interest Expense shall mean, for the period in question, without duplication, all interest expense of Borrower and its Subsidiaries (including, without limitation, capitalized interest expense, the interest portion of Capitalized Lease Obligations and the interest portion of any deferred payment obligation) during such period, all determined on a consolidated basis as determined in accordance with GAAP.

Consolidated Net Income and Consolidated Net Loss shall mean, for the period in question, the after-tax net income or loss of Borrower and its Subsidiaries during such period, determined on a consolidated basis as determined in accordance with GAAP, but excluding in any event the following to the extent included in the computation of net income:

(i) any net gain or net loss (net of expenses and taxes applicable thereto) for such period resulting from the sale, transfer or other disposition of fixed or capital assets (other than inventory and other property held for resale in the ordinary course of business) as determined by GAAP;

(ii) any gains or losses resulting from any reappraisal, revaluation or write-up or write-down of assets;

(iii) any equity of Borrower or any Subsidiary in the undistributed earnings of any corporation which is not a Subsidiary and is accounted for on the equity method as determined in accordance with GAAP;

(iv) gains or losses from the acquisition or disposition of Investments;

(v) gains from the retirement or extinguishment of any Debt;

(vi) gains on collections from insurance policies or settlements (net of premiums paid or other expenses incurred with respect to such gains during the fiscal period in which the gain occurs, to the extent such premiums or other expenses are not

already reflected in Consolidated Net Income for such period);

(vii) any gains or losses during such period from any change in accounting principles, from any discontinued operations or the disposition thereof or from any prior period adjustments; and

(viii) any extraordinary gains and/or losses;

all determined in accordance with GAAP; provided that the gains, losses and other amounts set forth in subparagraphs (i) through (viii) of this definition of Consolidated Net Income and Consolidated Net Loss are not required to be excluded from the calculation of Consolidated Net Income unless the exclusion thereof would result in an increase or decrease in Consolidated Net Income in excess of \$250,000.00 in the aggregate for any fiscal quarter. If the preceding calculation results in a number less than zero such amount shall be considered a Consolidated Net Loss.

Consolidated Scheduled Principal Payments shall mean, for the period in question, without duplication, all scheduled principal payments of Borrower and its Subsidiaries on Indebtedness for the applicable period, all determined on a consolidated basis as determined in accordance with GAAP; provided that any balloon principal payment on Debt of Borrower and its Subsidiaries which is extended to a maturity date beyond the applicable period shall not be included in the calculation of Consolidated Scheduled Principal Payments.

Consolidated Tangible Net Worth shall mean at a particular date, the excess, if any, of (a) all amounts which would be included under shareholders' equity on a consolidated balance sheet of Borrower and its Subsidiaries as of such date, determined on a consolidated basis as determined in accordance with GAAP (including, without limitation, capital stock, additional paid-in-capital and retained earnings) at such date minus (b) all assets of Borrower and its Subsidiaries as of such date, determined on a consolidated basis as determined in accordance with GAAP, that would be classified as intangible assets in accordance with GAAP, but in any event including, without limitation, the following intangible assets: unamortized organization and reorganization expense, patents, trade or service marks, franchises, trade names and goodwill.

Consolidated Total Debt shall mean, as of the date of any determination thereof, all Debt of Borrower and its Subsidiaries as of such date, determined on a consolidated basis as determined in accordance with GAAP at such date; provided that any Subordinated Indebtedness shall be excluded from Consolidated Total Debt.

Continuing Guarantee shall mean the unlimited continuing guarantee of all of Borrower's Obligations executed now or at any time hereafter by each Subsidiary and delivered to Agent, in the form of Exhibit C attached hereto and incorporated herein by reference.

Default shall mean any event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default as defined in Section 9 hereof.

Debt of any Person shall mean, as of the date of determination thereof, the sum of (a) all Indebtedness of such Person for borrowed money or which has been incurred to acquire Property plus (b) all Capitalized Lease Obligations of such Person.

Disbursement Date shall have the meaning ascribed thereto in Section 4.3.

Distribution in respect of any corporation shall mean:

(a) dividends or other distributions of cash, stock, assets or other property on or in respect of any shares of any class of stock of such corporation; and

(b) the redemption, repurchase or other acquisition of any shares of any class of any stock of such corporation or of any warrants, rights or other options to purchase any such stock (except when solely in exchange for such stock).

Environmental Claim shall mean any administrative, regulatory or judicial action, judgment, order, consent decree, suit, demand, demand letter, claim, Lien, notice of noncompliance or violation, investigation or other proceeding arising (a) pursuant to any Environmental Law or governmental or regulatory approval issued under any such Environmental Law, (b) from the presence, use, generation, storage, treatment, Release, threatened Release, disposal, remediation or other existence of any Hazardous Substance, (c) from any removal, remedial, corrective or other response action pursuant to an Environmental Law or the order of any Governmental Authority, (d) from any third party seeking damages, contribution, indemnification, cost recovery, compensation, injunctive or other relief in connection with a Hazardous Substance or arising from alleged injury or threat of injury to health, safety, natural resources or the environment or (e) from any Lien against any Property owned, leased or operated by Borrower or any Subsidiary in favor of any governmental or regulatory authority or agency in connection with a Release, threatened Release or disposal of a Hazardous Substance.

Environmental Law shall mean any federal, state or local statute, law, rule, regulation, order, consent decree, judgment, permit, license, code, deed restriction, common law, treaty, convention, ordinance or other governmental requirement relating to public health, safety or the environment, including, without limitation, those relating to Releases, discharges or emissions to air, water, land or groundwater, to the use of groundwater, to the use and handling of polychlorinated biphenyls or asbestos, to the disposal, treatment, storage or management of hazardous or solid waste, Hazardous Substances or crude oil, or any fraction thereof, to exposure to toxic or hazardous materials, to the handling, transportation, discharge or release of gaseous or liquid Hazardous Substances, in each case applicable to any of the Property owned, leased or operated by Borrower or any Subsidiary or the operation, construction or modification of any such Property, including, without limitation, the following: CERCLA, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984, the Hazardous Materials Transportation Act, as amended, the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1976, the Safe Drinking Water Control Act, the Clean Air Act of 1966, as amended, the Toxic Substances Control Act of 1976, the Occupational Safety and Health Act of 1977, as amended, the Emergency Planning and Community Right-to-Know Act of 1986, the National Environmental Policy Act of 1975, the Oil Pollution Act of 1990 and any similar or implementing state or local law, and any state or local statute and any further amendments to these laws providing for financial responsibility for cleanup or other actions with respect to the Release or threatened Release of Hazardous Substances or crude oil, or any fraction thereof and all rules and regulations promulgated thereunder.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA shall be construed to also refer to any successor sections.

ERISA Affiliate shall mean any corporation, trade or business that is, along with Borrower and any Subsidiary, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in Sections 414(b) and 414(c), respectively, of the Code or Section 4001 of ERISA.

Event of Default shall have the meaning ascribed thereto in Section 9.

Exchange Act shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Securities Exchange Commission.

Fed Funds Rate shall mean, for any day, the rate per annum (rounded upwards, if necessary to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such

rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Agent on such day on such transactions.

GAAP shall mean generally accepted accounting principles at the time in the United States.

Governmental Authority shall mean any sovereign state or nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

Guarantee by any Person shall mean any obligation (other than endorsements of negotiable instruments for deposit or collection in the ordinary course of business), contingent or otherwise, of such Person guaranteeing, or in effect guaranteeing, any Indebtedness, liability, dividend or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any Property or assets constituting security therefor, (b) to advance or supply funds (i) for the purchase or payment of such Indebtedness or obligation, (ii) to maintain working capital or other balance sheet condition or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, (iii) to lease property or to purchase securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation or (iv) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purposes of all computations made under this Agreement, a Guarantee in respect of any Indebtedness for borrowed money shall be deemed to be Indebtedness equal to the then outstanding principal amount of such Indebtedness for borrowed money which has been guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited, and a Guarantee in respect of any other obligation or liability or any dividend shall be deemed to be Indebtedness equal to the maximum aggregate amount of such obligation, liability or dividend or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited. Guarantee when used as a verb shall have a correlative meaning.

Hazardous Substance shall mean any hazardous or toxic material, substance or waste, pollutant or contaminant which is regulated under any Environmental Law, including, without limitation, any material, substance or waste which is: (a) defined as a hazardous substance under Section 311 of the Federal Water Pollution Control Act (33 U.S.C. '1317), as amended; (b) regulated as a hazardous waste under Section 1004 or Section 3001 of the Federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. '6901 et seq.), as amended; (c) defined as a hazardous substance under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. '9601 et seq.), as amended; or (d) defined or regulated as a hazardous substance or hazardous waste under any rules or regulations promulgated under any of the foregoing statutes.

Indebtedness shall mean, with respect to any Person, without duplication, all indebtedness, liabilities and obligations of such Person, and in any event shall include all (i) obligations of such Person for borrowed money or for the deferred purchase price of Property or services (including, without limitation, all notes payable and all obligations evidenced by bonds, debentures, notes or other similar instruments but excluding trade payables incurred in the ordinary course of business), (ii) obligations secured by any Lien on, or payable out of the proceeds of production from, any Property or assets owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligations, (iii) indebtedness, liabilities and obligations of third parties, including joint ventures and partnerships of which such Person is a venturer or general partner, recourse to which may be had against such Person, (iv) obligations created or arising under any conditional sale or

other title retention agreement with respect to Property acquired by such Person, notwithstanding the fact that the rights and remedies of the seller, lender or lessor under such agreement in the event of default are limited to repossession or sale of such Property, (v) Capitalized Lease Obligations of such Person, (vi) indebtedness, liabilities and obligations of such Person under Guarantees and (vii) all obligations of such Person, contingent or otherwise, relative to the face amount of all letters of credit (as may be reduced pursuant to their terms), whether or not drawn.

Indemnitees shall have the meaning ascribed thereto in Section 11.4.

Interest Period shall mean with respect to each LIBOR Loan:

(i) initially, the period commencing on the date of such Loan and ending 1, 2, 3 or 6 months thereafter (or such other period agreed upon in writing by Borrower and all of the Banks), as the Borrower may elect in the applicable Notice of Borrowing; and

(ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Loan and ending 1, 2, 3 or 6 months thereafter (or such other period agreed upon in writing by Borrower and all of the Banks), as Borrower may elect pursuant to Section 5.1;

provided that:

(iii) subject to clause (iv) below, if any Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the immediately next preceding Business Day; and

(iv) no Interest Period for a LIBOR Loan shall extend beyond the last day of the Revolving Credit Period.

Investment shall mean any investment by Borrower or any Subsidiary in any Person, whether payment therefor is made in cash or capital stock of Borrower or any Subsidiary, and whether such investment is by acquisition of stock or Indebtedness, or by loan, advance, transfer of property out of the ordinary course of business, capital contribution, equity or profit sharing interest, extension of credit on terms other than those normal in the ordinary course of business, Guarantee or otherwise becoming liable (contingently or otherwise) in respect of the Indebtedness of any Person, or otherwise.

Letter of Credit and Letters of Credit shall have the meanings ascribed thereto in Section 4.1(a).

Letter of Credit Application shall mean an application and agreement for standby letter of credit in substantially the form of Exhibit D attached hereto and incorporated herein by reference executed by Borrower and any Subsidiary (if the Letter of Credit is to be for the account of a Subsidiary) and delivered to a Bank pursuant to Section 4.1(a), as the same may from time to time be amended modified, extended or renewed.

Letter of Credit Commitment shall have the meaning ascribed thereto in Section 4.1(a).

Letter of Credit Commitment Fee shall have the meaning ascribed thereto in Section 4.1(c).

Letter of Credit Loan and Letter of Credit Loans shall have the meaning ascribed thereto in Section 4.3.

Letter of Credit Period shall mean the period commencing on the effective date hereof and ending April 30, 2000.

Letter of Credit Request shall have the meaning ascribed thereto in Section 4.1(a).

LIBOR Base Rate means, for an Interest Period, (a) the LIBOR Index Rate for such Interest Period, if such rate is available, or (b) if the LIBOR Index Rate cannot be determined, the

arithmetic average of the rates of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) at which deposits in U.S. dollars in immediately available funds are offered to the Agent at 11:00 a.m. (New Orleans time), or as soon thereafter as practicable, two (2) Business Days before the beginning of such Interest Period by two (2) or more major banks in the London interbank market selected by the Agent for a period equal to such Interest Period and in an amount equal or comparable to the principal amount of the LIBOR Loan scheduled to be made available by the Banks. As used herein, "LIBOR Index Rate" means, for any Interest Period, the London interbank offered rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in U.S. Dollars for a period equal to such Interest Period, which appears on the Telerate Page 3875 as of 9:00 a.m. (New Orleans time) on the day two Business Days before the commencement of such Interest Period.

LIBOR Loan shall mean a loan bearing interest at the LIBOR Rate.

LIBOR Rate shall mean (a) the quotient of the (i) LIBOR Base Rate divided by (ii) one minus the applicable LIBOR Reserve Percentage plus (b) the Applicable Margin. The LIBOR Rate shall be adjusted automatically on and as of the effective date of any change in the LIBOR Reserve Percentage and Agent shall notify Borrower and Banks of any such change.

LIBOR Reserve Percentage shall mean for any day the reserve percentage (including any supplemental percentage applied on a marginal basis or any other reserve requirement having a similar effect), expressed as a decimal, which is in effect on the first day of the applicable Interest Period, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) under Regulation D (or any other then applicable regulation of the Board of Governors (or any successor)) with respect to "Eurocurrency Liabilities".

Lien shall mean any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on common law, statute or contract, including, without limitation, any security interest, mortgage, deed of trust, pledge, assignment, judgment lien or other lien or encumbrance of any kind or nature whatsoever, any conditional sale or trust receipt, and any consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, servitudes, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property.

Loans shall collectively mean the Revolving Credit Loans, the Swing Loans, and the Letter of Credit Loans, with each being a Loan, and shall include all principal, interest, attorneys' fees and costs owed thereon.

Material Adverse Effect shall mean a material adverse effect on the Properties, assets, liabilities, business, operations, prospects, income or condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole.

Moody's shall mean Moody's Investors Service, Inc.

Multi-Employer Plan shall mean a "multi-employer plan" as defined in Section 4001(a)(3) of ERISA which is maintained for employees of Borrower, any Subsidiary or any ERISA Affiliate or to which Borrower, any Subsidiary or any ERISA Affiliate has contributed in the past or currently contributes.

Notes shall mean all of the Revolving Credit Notes and the Swing Line Note.

Notice of Borrowing shall have the meaning ascribed thereto in Section 3.3.

Obligor shall mean Borrower, each Subsidiary and each other Person who is or shall at any time hereafter become primarily or secondarily liable on any of Borrower's Obligations.

Occupational Safety and Health Laws shall mean the Occupational Safety and Health Act of 1970, as amended, and any

other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning employee health and/or safety, as now or at any time hereafter in effect.

Operating Lease shall mean any lease of Property, whether real and/or personal, by a Person as lessee which is not a Capitalized Lease.

Operating Lease Obligations of any Person shall mean, as of any date for which it is being determined, all of the rental obligations due and to become due in less than twelve months from the date of determination thereof under all Operating Leases under which such Person is a lessee.

PBGC shall mean the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

Pension Plan shall mean a "pension plan," as such term is defined in Section 3(2) of ERISA, which is established or maintained by Borrower, any Subsidiary or any ERISA Affiliate, and includes, without limitation, a Multi-Employer Plan.

Permitted Acquisition shall mean an Acquisition:

(a) acquired with the consent of the Required Banks; or

(b) acquired after the date hereof complying with each of the following requirements: (i) the Purchase Price for such Acquisition plus the Purchase Price of any other Acquisitions made after the date of this Agreement will not in the aggregate exceed \$5,000,000.00, (ii) such Acquisition will not cause a Default or an Event of Default, and (iii) after the Acquisition, the Total Revolver Outstandings will not exceed \$43,000,000.00 and Borrower will still have the ability to obtain a Revolving Credit Loan in the amount of \$2,000,000.00.

Permitted Liens shall mean any of the following:

(a) Liens for property taxes and assessments or governmental charges or levies, provided that payment thereof is not at the time required by Section 8.1(d);

(b) (i) Deposits to secure the performance of bids, tenders, trade contracts or leases (other than Capitalized Leases) or to secure statutory obligations, surety or appeal bonds or other Liens of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money or the acquisition of inventory or other Property and (ii) Liens (other than any Liens imposed by ERISA) arising in the ordinary course of business or incidental to the ownership of Properties and assets (including Liens in connection with worker's compensation, unemployment insurance and other like laws, carrier's, mechanic's, materialmen's, repairmen's, vendor's, warehousemen's and attorneys' liens and statutory landlords' liens); provided in each case (x) the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate actions or proceedings being diligently conducted and for which adequate provision as determined in accordance with GAAP has been made, (y) payment thereof is not at the time required by Section 8.1(d) or 8.1(e), and (z) if the obligations secured thereby are in excess of \$50,000.00, Agent is provided written notice of such Lien within twenty days after the date on which the Lien becomes overdue;

(c) Survey exceptions, issues with regard to the merchantability of title, easements or reservations, or rights of others for rights-of-way, servitudes, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, which could not reasonably be expected to have a Material Adverse Effect;

(d) Liens permitted by the Required Banks in writing;

(e) Liens on Properties in respect of judgments or awards, the Indebtedness with respect to which is permitted by Section 8.2(a)(vi);

(f) leases of or purchase money security interests against specific equipment with a book value not greater than \$1,000,000.00 in the aggregate at any one time outstanding;

(g) Liens not otherwise permitted hereby against any Subsidiary acquired by Borrower or any Subsidiary after the date of this Agreement not in existence for more than 90 days after the date of such Acquisition so long as the Indebtedness secured thereby is paid in full within ten (10) business days after the acquisition of such Subsidiary;

(h) Liens outstanding on the date hereof listed on Schedule 2 attached hereto; provided that Borrower shall use its best efforts to have the collateral chattel mortgage and the chattel mortgages listed on Schedule 2 attached hereto cancelled; and

(i) Any Lien granted by any Subsidiary securing Indebtedness incurred in connection with the acquisition of such Subsidiary so long as such Lien is expressly subordinate pursuant to a subordination agreement acceptable to Agent to the security interest in favor of Agent for the benefit of the Banks granted by such Subsidiary pursuant to a Security Agreement.

Person shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity or government (whether national, federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof).

Prime Rate shall mean the "PRIME RATE" of interest as published daily in the Money Rates Section of the Wall Street Journal as defined as "the base rate on corporate loans posted by at least 75% of the nations 30 largest banks" (which rate shall fluctuate as and when said prime rate shall change); provided that, if such "PRIME RATE" becomes unavailable, Prime Rate shall mean the interest rate announced from time to time by Citibank, N.A. at its main office in New York as its "prime rate" on commercial loans (which rate shall fluctuate as and when said prime rate shall change).

Property shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible. Properties shall mean the plural of Property. For purposes of this Agreement, Borrower and each Subsidiary shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, financing lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

Pro Rata Share shall mean with respect to each Bank, the percentage amount equal to the sum of such Bank's Revolving Credit Commitment, divided by the sum of all of the Banks' Revolving Credit Commitments.

Purchase Price shall mean any cash provided by Borrower or any Subsidiary plus any Indebtedness assumed by Borrower or any Subsidiary in consideration for an Acquisition.

RCRA shall mean the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. '6901 et seq., and any future amendments, and shall include any and all regulations issued pursuant thereto.

Regulation D shall mean Regulation D of the Board of Governors of the Federal Reserve System, as amended.

Regulatory Change shall have the meaning ascribed thereto in Section 5.9.

Release shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, including, without limitation, the abandonment or discarding of barrels, drums, containers, tanks and/or other receptacles containing or previously containing any Hazardous Substance.

Reportable Event shall have the meaning given to such term in ERISA.

Required Banks shall mean at any time Banks having Sixty-Six and Two-Thirds Percent (66 2/3 %) of the aggregate amount of

Loans and the face amount of Letters of Credit then outstanding or, if no Loans or Letters of Credit are then outstanding, Sixty-Six and Two-Thirds Percent (66 2/3 %) of the total Commitments of all of the Banks.

Responsible Officer shall mean the chief executive officer, president, chief operating officer, chief financial officer or chief accounting officer of Borrower or any other officer of Borrower involved in the financial administration or controllership function of Borrower.

Restricted Investment shall mean any Investment, or any expenditure or any incurrence of any liability to make any expenditure for an Investment, other than:

(a) Guarantees, loans and/or advances by Borrower or a Subsidiary to any Subsidiary;

(b) Guarantees, loans and/or advances by any Subsidiary to Borrower which are subordinated in writing to the payment of the Borrower's Obligations in form and substance satisfactory to Agent;

(c) Direct obligations of the United States of America or any instrumentality or agency thereof, the payment of which is unconditionally guaranteed by the United States of America or any instrumentality or agency thereof (all of which Investments must mature within twelve (12) months from the time of acquisition thereof);

(d) Investments in readily marketable commercial paper which, at the time of acquisition thereof by Borrower or any Subsidiary, is rated investment grade or better by S&P or Moody's and which matures within 270 days from the date of acquisition thereof, provided that the issuer of such commercial paper shall, at the time of acquisition of such commercial paper, have a senior long-term debt rating of at least A by S&P and Moody's;

(e) Negotiable certificates of deposit or negotiable bankers acceptances issued by (i) any of the Banks or (ii) any other bank or trust company organized under the laws of the United States of America or any state thereof, which bank or trust company (other than the Banks to which such restrictions shall not apply) is a member of both the Federal Deposit Insurance Corporation and the Federal Reserve System and is rated B or better by Thompson Bank Watch Service (all of which Investments must mature within twelve (12) months from the time of acquisition thereof);

(f) Repurchase agreements, which shall be collateralized for at least 100% of face value, issued by (i) any of the Banks or (ii) any other bank or trust company organized under the laws of the United States or any state thereof, which bank or trust company (other than the Banks to which such restrictions shall not apply) is a member of both the Federal Deposit Insurance Corporation and the Federal Reserve System and is rated B or better by Thompson Bank Watch Service (all of which Investments must mature within twelve (12) months from the time of acquisition thereof);

(g) Investments in mutual funds the Investments of which are limited to the Investments described in subparagraphs (c), (d), (e) and (f) of this definition of Restricted Investments;

(h) Guarantees, loans or advances other than in the ordinary course of business to officers or employees of Borrower or a Subsidiary in the aggregate principal amount of up to \$200,000.00 at any one time outstanding;

(i) Permitted Acquisitions;

(j) The Subsidiaries of Borrower as of the effective date hereof and Subsidiaries of Borrower formed after the date hereof pursuant to Section 7.8 hereof so long as such Subsidiaries have each executed a Continuing Guarantee and a Security Agreement in favor of Agent for the benefit of the Banks; and

(k) Shares of capital stock of Borrower acquired in connection with the administration of the 1995 Stock Incentive Plan of Borrower as in existence on the date of this Agreement.

Revolving Credit Commitment shall mean for each Bank, subject to termination or reduction as set forth in Section 3.5, the principal amount set forth as the Revolving Credit Commitment for such Bank next to its name on the signature pages hereof, which commitments in the aggregate equal the principal amount of \$45,000,000.00.

Revolving Credit Loan and Revolving Credit Loans shall have the meanings ascribed thereto in Section 3.1.

Revolving Credit Notes shall have the meaning ascribed thereto in Section 3.4(a).

Revolving Credit Period shall mean the period commencing on the effective date of this Agreement and ending April 30, 2000.

S&P shall mean Standard and Poor's Ratings Group.

Security Agreements shall collectively mean the Security Agreement executed now or at any time hereafter by Borrower in the form of Exhibit H(1) attached hereto and incorporated herein by reference and the Security Agreement executed now or at any time hereafter by each Subsidiary in the form of Exhibit H(2) attached hereto and incorporated herein by reference and delivered to Agent, with each being a Security Agreement.

Stock Pledge Agreement shall have the meaning ascribed thereto in Section 5.15.

Subsidiary shall mean (a) any corporation of which more than fifty percent (50%) of the issued and outstanding capital stock entitled to vote for the election of directors (other than by reason of default in the payment of dividends) is at the time owned directly or indirectly by Borrower and/or any one or more Subsidiaries, or (b) any partnership, limited liability company, business trust, or any other similar entity of which more than fifty percent (50%) of the voting interests is at the time owned directly or indirectly by Borrower and/or any one or more Subsidiaries, and specifically including, but not limited to, each of the entities described on Schedule 7.8 hereto.

Subordinated Indebtedness shall mean all Indebtedness of Borrower which is subordinated in writing (either by its terms or pursuant to a subordination agreement) to the payment and priority of all of the Borrower's Obligations in form and substance satisfactory to the Agent.

Swing Loans and Swing Loan shall have the meanings ascribed thereto in Section 3.2.

Swing Line Note shall have the meaning ascribed thereto in Section 3.2.

Swing Line Commitment shall mean the aggregate principal amount of \$1,000,000.00 at any one time outstanding.

Telerate Page 3875 means the display designated as "Page 3875" of the Dow Jones Telerate Service (or such other page as may replace Page 3875 on that service or such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for U.S. Dollar Deposits).

Term shall have the meaning ascribed thereto in Section 1.

Total Revolver Outstandings shall mean the sum of (i) the aggregate principal amount of all outstanding Revolving Credit Loans, plus (ii) the aggregate principal amount of all outstanding Swing Loans plus (iii) the aggregate principal amount of all outstanding Letter of Credit Loans plus (iv) the aggregate undrawn face amount of all outstanding Letters of Credit.

Transaction Documents shall mean this Agreement, the Notes, the Letter of Credit Application(s), the Continuing Guarantees, the Stock Pledge Agreement, the Security Agreements, and all other agreements, documents and instruments heretofore, now or hereafter delivered to the Agent or any of the Banks with respect to or in connection with or pursuant to this Agreement, any Loans made hereunder or thereunder, any Letters of Credit issued hereunder or thereunder, or any other of Borrower's Obligations, and executed by or on behalf of Borrower or any Subsidiary, all

as the same may from time to time be amended, modified, extended or renewed.

Whitney shall mean Whitney National Bank, a national banking association, in its individual corporate capacity as a Bank hereunder, including, without limitation, its capacity as a Bank hereunder with respect to its Pro-Rata Share of the Revolving Credit Loans, with respect to its making of Swing Loans and with respect to its issuance of Letters of Credit.

2.2 Accounting Terms and Determinations. Except as otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for changes accompanied by a concurrence from Borrower's independent certified public accountants) with the most recent audited financial statements of Borrower delivered to the Banks.

SECTION 3. THE REVOLVING CREDIT LOANS.

3.1 Revolving Credit Commitments. Subject to the terms and conditions set forth in this Agreement and so long as no Default or Event of Default under this Agreement has occurred and is continuing, during the Revolving Credit Period, each Bank severally agrees to lend to Borrower from time to time (individually, a "Revolving Credit Loan" and collectively, the "Revolving Credit Loans") amounts not to exceed, in the aggregate at any one time outstanding, the lesser of: (a) such Bank's Revolving Credit Commitment, or (b) such Bank's Pro Rata Share of the sum of the total Revolving Credit Commitments of all of the Banks minus the aggregate principal amount of all outstanding Letter of Credit Loans minus the aggregate undrawn face amount of all outstanding Letters of Credit minus the principal amount of any outstanding Swing Loans. Each Revolving Credit Loan under this Section 3.1 shall be made from the several Banks ratably in proportion to their respective Pro Rata Shares, and may be made as either (x) a Base Rate Loan, (y) a LIBOR Loan, or (z) any combination thereof, as determined by Borrower with notice thereof to Agent pursuant to Section 3.3. Each Revolving Credit Loan under this Section 3.1 which is a Base Rate Loan shall be for an aggregate principal amount of at least \$500,000.00 or any larger multiple of \$100,000.00. Each Revolving Credit Loan under this Section 3.1 which is a LIBOR Loan shall be for an aggregate principal amount of at least \$1,000,000.00 or any larger multiple of \$100,000.00. Within the foregoing limits, Borrower may borrow under this Section 3.1, prepay under Section 5.4(a) or 5.4(b) and reborrow at any time during the Revolving Credit Period under this Section 3.1. The failure of any Bank to make any Revolving Credit Loan required under this Agreement shall not release any other Bank from its obligation to make Revolving Credit Loans as provided herein.

3.2 The Swing Line. Subject to all of the terms and conditions hereof and so long as no Default or Event of Default under this Agreement has occurred and is continuing, Whitney agrees to make loans to Borrower (individually, a "Swing Loan" and collectively, the "Swing Loans") which shall not in the aggregate at any time outstanding exceed the lesser of (i) the Swing Line Commitment, or (ii) the sum of the total Revolving Credit Commitments of all of the Banks minus the aggregate principal amount of all outstanding Revolving Credit Loans minus the aggregate principal amount of all outstanding Letter of Credit Loans minus the aggregate undrawn face amount of all outstanding Letters of Credit. The Swing Loans shall be available to Borrower and may be availed of by Borrower from time to time, and borrowings thereunder may be repaid and used again during the period ending on the last day of the Revolving Credit Period. All Swing Loans shall be made hereunder only as Base Rate Loans. The Swing Loans shall be evidenced by the Swing Line Note of Borrower dated as of the effective date hereof (the "Swing Line Note") payable to the order of Whitney in the amount of the Swing Line Commitment and being in the form attached hereto as Exhibit B.

3.3 Method of Borrowing.

(a) With respect to each Revolving Credit Loan, Borrower shall give notice (a "Notice of Borrowing") to the Agent by 11:00 a.m. (New Orleans time) on the day of each Base Rate Loan, and by 11:00 a.m. (New Orleans Time) at least two (2) Business Days before each LIBOR Loan, specifying:

(i) the date of such Revolving Credit Loan, which shall be a Business Day,

(ii) the aggregate principal amount of such Revolving Credit Loan,

(iii) whether such Loan is to be a Base Rate Loan or a LIBOR Loan, or a combination thereof,

(iv) in the case of a LIBOR Loan, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of Interest Period,

(v) that on the date of, and after giving effect to, such Revolving Credit Loan, no Default or Event of Default under this Agreement has occurred and is continuing, and

(vi) that on the date of, and after giving effect to, such Revolving Credit Loan, all of the representations and warranties of Borrower contained in Section 7 of this Agreement and in the other Transaction Documents are true and correct in all material respects as if made on and as of the date of such Revolving Credit Loan.

A Notice of Borrowing shall not be required in connection with a Base Rate Loan pursuant to Section 5.7 or 5.8.

(b) Upon receipt of a Notice of Borrowing given to it, the Agent shall notify each Bank by 1:00 p.m. (New Orleans time) on the date of receipt of such Notice of Borrowing by the Agent (which must be a Business Day) of the contents thereof and of such Bank's ratable share of such Revolving Credit Loan. A Notice of Borrowing shall not be revocable by Borrower.

(c) Not later than 3:00 p.m. (New Orleans time) on the date of each Revolving Credit Loan, each Bank shall make available its Pro Rata Share of such Revolving Credit Loan, in federal or other funds immediately available in New Orleans, Louisiana, to the Agent at its address specified in or pursuant to Section 11.7. Agent shall not be required to make any amount available to Borrower hereunder except to the extent it shall have received such amounts from the Banks as set forth herein, provided, however, that unless the Agent shall have been notified by a Bank prior to the date a Revolving Credit Loan is to be made hereunder that such Bank does not intend to make its Pro Rata Share of such Revolving Credit Loan available to the Agent, the Agent may assume that such Bank has made such Pro Rata Share available to the Agent on such date, and the Agent may in reliance upon such assumption make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Agent by such Bank and the Agent has made such amount available to the Borrower, the Agent shall be entitled to receive such amount from such Bank forthwith upon its demand, together with interest thereon in respect of each day during the period commencing on the date such amount was made available to the Borrower and ending on but excluding the date the Agent recovers such amount from the Bank at a rate per annum equal to the Fed Funds Rate. Unless the Agent determines that any applicable condition specified in Section 6 has not been satisfied, the Agent will make the funds so received from the Banks available to Borrower thereafter as of 3:30 p.m. New Orleans time at the Agent's aforesaid address by crediting such funds to a demand deposit account (or such other account mutually agreed upon in writing between Agent and Borrower) of Borrower with the Agent.

(d) With respect to each Swing Loan, Borrower shall give Whitney prior notice (which may be written or oral but which must be given prior to 2:00 p.m. New Orleans time on the date of the Swing Loan) of the amount and date of each Swing Loan and, subject to all of the terms and conditions hereof, the proceeds of such Swing Loan shall be made available to Borrower on the date of request at the offices of the Agent in New Orleans,

Louisiana. Anything contained in the foregoing to the contrary notwithstanding, (i) the obligation of Whitney to make Swing Loans shall be subject to all of the terms and conditions of this Agreement, and (ii) Whitney shall not be obligated to make more than one Swing Loan to Borrower during any day.

3.4 Revolving Credit Notes.

(a) The Revolving Credit Loans of each Bank to Borrower during the Revolving Credit Period shall be evidenced by a Revolving Credit Note of Borrower dated the effective date hereof and payable to the order of such Bank in a principal amount equal to its Revolving Credit Commitment in substantially the form of Exhibit A attached hereto (with appropriate insertions) (as the same may from time to time be amended, modified extended or renewed, the "Revolving Credit Notes").

(b) Upon receipt of each Bank's Revolving Credit Note pursuant to Section 3.4(a), the Agent shall mail such Revolving Credit Note by overnight express delivery to such Bank. Each Bank shall record, and prior to any transfer of its Revolving Credit Note may endorse on the schedules forming a part thereof, appropriate notations to evidence the date and amount of each Revolving Credit Loan made by it during the Revolving Credit Period and the date and amount of each payment of principal made by Borrower with respect thereto. Each Bank is hereby irrevocably authorized by Borrower so to endorse its Revolving Credit Note and to attach to and make a part of any such Revolving Credit Note a continuation of any such schedule as and when required; provided, however that the obligation of Borrower to repay each Revolving Credit Loan actually made hereunder shall be absolute and unconditional, notwithstanding any failure of any Bank to endorse or any mistake by any Bank in connection with endorsement on the schedules attached to its respective Revolving Credit Note. The internal records of each Bank shall constitute for all purposes prima facie evidence of (i) the amount of principal and interest owing on the Revolving Credit Loans from time to time, (ii) the amount of each Revolving Credit Loan made to the Borrower and (iii) the amount of each principal and/or interest payment received by the Banks on the Revolving Credit Loans.

3.5 Termination or Reduction of Commitments. Borrower may, upon three (3) Business Days' prior written notice to the Agent, terminate entirely at any time, or proportionately reduce from time to time on a pro rata basis among the Banks based on their respective Revolving Credit Commitments by an aggregate amount of \$1,000,000.00 or any larger multiple of \$500,000.00 the unused portions of the Revolving Credit Commitments; provided, however, that (i) at no time shall any Revolving Credit Commitment be reduced to a figure less than the Total Revolver Outstandings, (ii) at no time shall the Revolving Credit Commitments be reduced to a figure greater than zero but less than \$5,000,000.00 and (iii) any such termination or reduction shall be permanent and Borrower shall have no right to thereafter reinstate or increase, as the case may be, the Revolving Credit Commitment of any Bank.

3.6 Maturity. All Revolving Credit Loans and all Swing Loans not paid prior to the last day of the Revolving Credit Period, together with all accrued and unpaid interest thereon and all fees and other amounts owing by Borrower to the Banks with respect thereto, shall be due and payable by Borrower on the last day of the Revolving Credit Period. Each year of the Revolving Credit Period, during the period commencing on October 1st and ending on December 1st, Borrower may request that the Revolving Credit Period be extended for up to one year from the end of the then applicable Revolving Credit Period. Upon the unanimous consent of the Banks, which consent may be withheld in the discretion of any of the Banks, the Revolving Credit Period (and the Term of this Agreement) shall be so extended, provided that Borrower and the Subsidiaries shall execute such documentation as Banks shall require to evidence such extension. The Banks agree to provide Borrower with a response to any such request for an extension of the Revolving Credit Period within 60 days following receipt thereof; provided that, the failure of the Banks, or any one or more of them, to provide a response within such 60 day period shall not be construed to constitute consent to such an extension on the part of any of the Banks.

3.7 Special Swing Loan Provisions.

(a) All Swing Loans shall be payable with accrued interest thereon solely to Whitney for its own account. Upon the earlier to occur of (i) fourteen days after the making of any Swing Loan or (ii) receipt of written notice or demand from Whitney, Borrower shall repay all of such Swing Loans in cash by 1:00 p.m., New Orleans time the following Business Day, or make a Revolving Credit Loan in an amount at least equal to the aggregate outstanding principal amount of all Swing Loans, together with all accrued interest thereon, and shall apply the proceeds of such Revolving Credit Loans to repay in its entirety the aggregate outstanding principal amount of all Swing Loans, together with accrued interest thereon to the date of such repayment.

(b) In the event that any portion of any Swing Loan is not repaid as set forth above, Whitney shall promptly notify Agent and Agent shall promptly, and in no event later than 5:00 p.m., New Orleans time, two Business Days thereafter, notify each Bank in writing of the unreimbursed amount of such Swing Loan and of such Bank's Pro-Rata Share of such unreimbursed amount. Each of the Banks shall make a Revolving Credit Loan in an amount equal to such Bank's Pro-Rata Share of the unreimbursed amount of such Swing Loan, together with accrued unpaid interest thereon (to the extent that there is availability under the Revolving Credit Commitments), and pay the proceeds thereof, in immediately available funds, directly to Whitney, not later than 1:00 p.m., New Orleans time, on the next Business Day after the date such Bank is notified by the Agent. Revolving Credit Loans made by the Banks to repay unreimbursed Swing Loans pursuant to this subsection shall constitute Revolving Credit Loans hereunder, initially shall be Base Rate Loans and shall be subject to all of the provisions of this Agreement concerning Revolving Credit Loans, except that such Revolving Credit Loans shall be made upon demand by the Agent as set forth above rather than upon notice by Borrower and shall be made, notwithstanding anything in this Agreement to the contrary, without regard to satisfaction of conditions precedent to the making of Revolving Credit Loans set forth in Section 3 hereof or any other Section of this Agreement.

(c) Each Bank's obligation to make Revolving Credit Loans in the amount of its Pro-Rata Share of any unreimbursed Swing Loan pursuant hereto is several, and not joint or joint and several. The failure of any Bank to perform its obligation to make a Revolving Credit Loan in the amount of such Bank's Pro-Rata Share of any unreimbursed Swing Loan will not relieve any other Bank of its obligation hereunder to make a Revolving Credit Loan in the amount of such other Bank's Pro-Rata Share of such unreimbursed Swing Loan. Any Bank may but shall have no obligation to any Person to assume all or any portion of any non-performing Bank's obligation to make a Revolving Credit Loan in the amount of such Bank's Pro-Rata Share of such unreimbursed Swing Loan. The Borrower agrees to accept the Revolving Credit Loans hereinabove provided, whether or not such Loans could have been made pursuant to the terms of Section 3 hereof or any other Section of this Agreement.

(d) In the event, for whatever reason, the Agent determines that the Banks are not able to, or that it could be disadvantageous for the Banks to, advance their respective Pro-Rata Share of Revolving Credit Loans for the purpose of refunding Swing Loans as required hereunder, then each of the Banks (subject to the provisions of this Section 3.7) absolutely and unconditionally agrees to purchase and take from Whitney on demand an undivided participation interest in Swing Loans outstanding in an amount equal to their respective Pro-Rata Share of such Swing Loans.

SECTION 4. LETTERS OF CREDIT.

4.1 Letter of Credit Commitment.

(a) Subject to the terms and conditions of this Agreement, during the Letter of Credit Period of this Agreement, and so long as no Default or Event of Default under this Agreement has occurred and is continuing (provided, however, that Whitney shall have no liability to any of the other Banks for issuing a Letter of Credit after the occurrence of any Default or Event of Default under this Agreement unless Whitney has previously received notice in writing by Borrower, the Agent or any of the other Banks of the occurrence of such Default or Event

of Default), Whitney hereby agrees to issue irrevocable standby letters of credit for the account of Borrower or for the account of Borrower and any Subsidiary (individually, a "Letter of Credit" and collectively, the "Letters of Credit") (the "Letter of Credit Commitment") in an amount and for the term specifically requested by Borrower by notice in writing to Whitney in the form of Exhibit E attached hereto and incorporated herein by reference (a "Letter of Credit Request") at least three (3) Business Days prior to the requested issuance thereof; provided, however, that:

(i) Borrower, and if the Letter of Credit is to be issued for the account of Borrower and a Subsidiary, such Subsidiary, shall have executed and delivered to Whitney a Letter of Credit Application with respect to such Letter of Credit, with Borrower and any Subsidiary executing same to be jointly, severally and solidarily liable thereunder;

(ii) the term of any such Letter of Credit shall not extend beyond the last day of the Letter of Credit Period;

(iii) any Letter of Credit may only be utilized to guaranty or support the payment of obligations of Borrower or any Subsidiary to third parties incurred in the ordinary course of business;

(iv) the Total Revolver Outstandings shall not at any one time exceed the sum of the total Revolving Credit Commitments of all of the Banks;

(v) the sum of (A) the aggregate undrawn face amount of all outstanding Letter(s) of Credit plus (B) the aggregate principal amount of all outstanding Letter of Credit Loans arising out of Letter(s) of Credit shall not at any one time exceed the sum of Two Million Dollars (\$2,000,000.00); and

(vi) the text of any such Letter of Credit is provided to Whitney no less than three (3) Business Days prior to the requested issuance date, the terms and conditions of which must be acceptable to Whitney.

Banks and Borrower acknowledge and agree that the letter(s) of credit described on Schedule 4.1(a) shall be deemed outstanding Letters of Credit under this Agreement and shall be governed by the terms and provisions of this Agreement.

(b) Whitney will make available the original of each Letter of Credit to the beneficiary thereof (and will promptly provide each of the Banks and the Agent with a copy of such Letter of Credit).

(c) For each Letter of Credit, Borrower (and any Subsidiary that executed the Letter of Credit Application) hereby further agrees to pay to Agent for the account of the Banks an annual nonrefundable commitment fee payable quarterly in an amount equal to the rate per annum equal to the then current Applicable Margin for LIBOR Loans (calculated on an actual day, 360 day year basis) times the face amount (taking into account any increases or decreases therein during the period in question) of each such Letter of Credit issued hereunder ("Letter of Credit Commitment Fee"), which Letter of Credit Commitment Fee shall be determined and shall be due and payable in arrears with respect to each Letter of Credit on the last Business Day of each calendar quarter during the term of each respective Letter of Credit and on the termination thereof (whether at its stated maturity or earlier). Borrower further agrees to pay (or cause any Subsidiary for which the Letter of Credit was issued to pay) to Whitney all reasonable administrative fees of Whitney in connection with the issuance, maintenance, modification (if any) and administration of each Letter of Credit and standard negotiation charges upon demand from time to time. Each of the Banks shall be entitled to its Pro Rata Share of any Letter of Credit Commitment Fees, but the other Banks shall have no right to share in any administrative fees or negotiation charges paid by Borrower (or any Subsidiary) to Whitney in connection with any of the Letters of Credit. In addition to the Letter of Credit Commitment Fee, for each Letter of Credit, Borrower hereby further agrees to pay (or arrange for any Subsidiary that executed the Letter of Credit Application to pay) to the Whitney, solely for the account of the Whitney, an annual nonrefundable commitment fee in an amount equal to 1/8 of 1% of the undrawn face amount of each such Letter of Credit issued hereunder, which

such fee shall be determined and shall be due and payable upon issuance of such Letter of Credit and annually thereafter.

4.2 Participation by Other Banks.

(a) Upon the issuance of a Letter of Credit, each Bank shall share the obligation represented by each such Letter of Credit so issued, in an amount equal to such Bank's Pro Rata Share. The participation of each Bank in each Letter of Credit shall be automatic. Each other Bank shall make available to the Whitney, regardless of whether any Default or Event of Default shall have occurred and is continuing, an amount equal to its respective Pro Rata Share of each drawing on each Letter of Credit in same day or immediately available funds not later than 11:00 a.m. New Orleans time on each Disbursement Date (as hereinafter defined) for each such drawing. In the event that any Bank fails to make available to Whitney the amount of such Bank's Pro Rata Share of any drawing on a Letter of Credit as provided herein, Whitney shall be entitled to recover such amount on demand from such Bank together with interest at the daily average Federal Funds Rate for the first two Business Days after the Disbursement Date and thereafter at the Base Rate.

(b) Whitney shall distribute to each Bank that has paid all amounts payable by it under this Section 4.2 with respect to any Letter of Credit issued by Whitney such Bank's Pro Rata Share of all payments received by Whitney from the Borrower in reimbursement of drawings honored by Whitney under such Letter of Credit when such payments are received (to the extent that such Bank has not already received such amounts).

4.3 Disbursements. Whitney shall notify the Borrower promptly of the presentment for payment of any Letter of Credit (on the date of presentment, if possible, and otherwise on the next Business Day, it being agreed that such notice may be made by phone), together with notice of the date (the "Disbursement Date") such payment shall be made, and Whitney will promptly notify the other Banks of such matters. Subject to the terms and provisions of such Letter of Credit, Whitney shall make such payment to the beneficiary (or its designee) of such Letter of Credit. On the Disbursement Date, Borrower shall, contemporaneous with a payment on such Letter of Credit, reimburse (or cause any Subsidiary for which the Letter of Credit was issued to reimburse) Whitney and the other Banks (to the extent each Bank has paid its Pro Rata Share of such drawing) for all amounts which will be or have been disbursed under such Letter of Credit. In the event a payment under a Letter of Credit is made without contemporaneous receipt of payment from Borrower in accordance with this Section 4.3, such payment shall constitute a loan (individually a "Letter of Credit Loan" and collectively, the "Letter of Credit Loans") by Whitney and/or the other Banks (to the extent each Bank has paid its Pro Rata Share of such drawing) to Borrower. All Letter of Credit Loans shall accrue interest at the Base Rate and shall be payable on demand. Whitney shall distribute to each Bank that has paid all amounts payable by it under Section 4.2 with respect to a Letter of Credit such Bank's Pro Rata share of all interest and other amounts received by Whitney from Borrower (or any Subsidiary) under the Letter of Credit Loan relating to such Letter of Credit (to the extent that such Bank has not already received such amounts).

4.4 Reimbursement. Borrower's obligation under Section 4.3 to reimburse Whitney and the other Banks with respect to each drawing under each Letter of Credit (including interest thereon) (to the extent each Bank has paid its Pro Rata Share of such drawing), and each Bank's obligation to fund each drawing shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim, or defense to payment which Borrower or any Bank may have or have had against any Bank, the Borrower or any beneficiary of a Letter of Credit, including, without limitation, any defense based upon the occurrence of any Default or Event of Default, any draft, demand or certificate or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient, or any failure to apply or misapplication by the beneficiary of the proceeds of any disbursement, or the legality, validity, form, regularity, or enforceability of such Letter of Credit.

4.5 Replacement or Collateralization of Letters of Credit. Notwithstanding any provision contained in this Agreement or any of the Letter of Credit Applications to the contrary, upon the

occurrence of any Event of Default under this Agreement, at Agent's option, Borrower shall, upon Agent's demand, deliver to Agent cash or other collateral acceptable to Agent having a value, as determined by Agent, at least equal to the aggregate undrawn face amount of all outstanding Letters of Credit issued by Whitney. Any such collateral and/or any amounts received by Agent pursuant to this Section 4.5 shall be held by Agent in a separate account at Agent appropriately designated as a cash collateral account in relation to this Agreement and the Letter of Credit and retained by Agent as collateral security for the payment of the Borrower's Obligations. Cash amounts delivered to Agent pursuant to the foregoing requirements of this Section 4.5 shall be invested, at the request and for the account of Borrower, in investments of a type and nature and with a term acceptable to Agent. Such amounts, including in the case of cash amounts invested in the manner set forth above, any investment realized thereon, shall not be used by Agent to pay any amounts drawn or paid under or pursuant to any Letter of Credit, but may be applied to reimburse Whitney for drawings or payments under or pursuant to the Letters of Credit which Whitney has paid, or if no such reimbursement is required shall be used by Agent for application to such other of Borrower's Obligations as Agent shall determine. Any amounts remaining in any cash collateral account established pursuant to this Section 4.5 after the payment in full of all of the Borrower's Obligations and the expiration or cancellation of all of the Letters of Credit shall be returned to Borrower (after deduction of Whitney's expenses, if any).

4.6 Nature of Reimbursement Obligations. Borrower shall assume all risks of the acts, omissions, or misuse of any Letter of Credit by the beneficiary thereof. Except to the extent of its own gross negligence or wilful misconduct, Whitney shall not be responsible for:

(a) the form, validity, sufficiency, accuracy, genuineness, or legal effect of any Letter of Credit or any document submitted by any party in connection with the application for and issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent, or forged;

(b) the form, validity, sufficiency, accuracy, genuineness, or legal effect of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof in whole or in part;

(c) failure of the beneficiary to comply fully with conditions required (except the presentment of any required documents, as set forth in the applicable Letter of Credit, to the Whitney) in order to demand payment under a Letter of Credit;

(d) errors, omissions, interruptions, or delays in transmission or delivery of any information or messages, by mail, cable, telegraph, telex, or otherwise;

(e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a disbursement under a Letter of Credit or of the proceeds thereof;

(f) errors in interpretation of technical terms;

(g) any misapplication by a beneficiary of the proceeds of any disbursement under any Letter of Credit; or

(h) any consequences arising from causes beyond the control of the Whitney including, without limitation, acts of any Governmental Authority.

None of the foregoing shall affect, impair, or prevent the vesting of any of the rights or powers granted to the Whitney hereunder.

4.7 Indemnity. In addition to amounts payable as elsewhere provided in this Section 4, Borrower hereby agrees to protect, defend, hold harmless and indemnify Whitney and any of Whitney's correspondents or affiliates and their respective officers, directors, and agents, from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) which Whitney may incur or be subject to as a consequence, direct or indirect, of

(i) the issuance of the Letters of Credit, other than as a result of (y) the gross negligence or wilful misconduct of Whitney or (z) Whitney's failure to pay under any Letter of Credit after the presentation to it of a request complying with the terms and conditions of the Letter of Credit, or (ii) the failure of Whitney to honor a drawing under any Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto Governmental Authority.

SECTION 5. GENERAL PROVISIONS FOR ALL LOANS.

5.1 Duration of Interest Periods and Selection of Interest Rates.

(a) The commencement date and duration of the initial Interest Period for each LIBOR Loan shall be as specified in the applicable Notice of Borrowing. Borrower shall elect the duration of each subsequent Interest Period applicable to such LIBOR Loan, and the interest rate to be applicable during such subsequent Interest Period (and, Borrower shall have the option (x) in the case of any Base Rate Loan, to elect that such Loan become a LIBOR Loan and the Interest Period to be applicable thereto or (y) in the case of any LIBOR Loan, to elect that such Loan become a Base Rate Loan), by giving notice of such election to the Agent by 11:00 a.m. (New Orleans time) on the day of, in the case of the election of the Base Rate, by 11:00 a.m. (New Orleans time) at least two (2) Business Days before, in the case of the election of the LIBOR Rate, the end of the immediately preceding Interest Period applicable thereto, if any; provided, however, that notwithstanding the foregoing, in addition to and without limiting the rights and remedies of the Agent and the Banks under Section 9 hereof, so long as any Default or Event of Default under this Agreement has occurred and is continuing, Borrower shall not be permitted to renew any LIBOR Loan as a LIBOR Loan or to convert any Base Rate Loan into a LIBOR Loan. By 1:00 p.m. (New Orleans time) on the date of receipt of each such notice of conversion or continuation of a Loan from Borrower, Agent shall notify each Bank of the contents thereof and of such Bank's ratable share of such Loan. A notice by Borrower under this Section 5.1(a) shall not be revocable by Borrower. All LIBOR Loans, whether by conversion or by an advance, shall be in a principal amount of at least \$1,000,000.00 or multiples of \$100,000.00 in excess thereof. All Loans which bear interest at a particular LIBOR Rate for a particular Interest Period shall constitute a single LIBOR Loan. Borrower shall not have more than ten (10) LIBOR Loans outstanding at any one time.

(b) If the Agent does not receive a notice of election for the continuation of a LIBOR Loan for a subsequent Interest Period pursuant to subsection (a) above within the applicable time limits specified therein, Borrower shall be deemed to have elected to convert such LIBOR Loan on the last day of the current Interest Period with respect thereto to a Base Rate Loan in the principal amount of such expiring LIBOR Loan on such date.

(c) Notwithstanding the foregoing, the duration of each Interest Period shall be subject to the provisions of the definition of Interest Period.

(d) Borrower hereby authorizes the Agent to rely on telephonic, telegraphic, telecopy, telex or written instructions believed by the Agent in good faith to have been sent or delivered by any person identifying himself or herself as Terence E. Hall or Robert S. Taylor (or any other person from time to time authorized to act on behalf of Borrower pursuant to a resolution adopted by the Board of Directors of Borrower and certified by the Secretary of Borrower and delivered to the Agent) with respect to any request to make a Loan or a repayment hereunder, or to convert any Base Rate Loan or LIBOR Loan to any other type of Loan available hereunder, and on any signature which the Agent in good faith believes to be genuine. Borrower shall be bound thereby in the same manner as if such person was actually authorized or such signature was genuine. Borrower also hereby agrees to indemnify the Agent and each of the Banks and to hold the Agent and each of the Banks harmless from and against any and all claims, demands, damages, liabilities, losses, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) relating to or arising out of or in connection with the acceptance of instructions for making or converting Loans or making repayments hereunder.

5.2 Interest Rates; Interest Payments.

(a) Each Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made until it becomes due, at a rate per annum equal to the Base Rate. Such interest shall be payable on all such Loans quarterly in arrears on the last day of each quarter (or the immediate subsequent Business Day if any such last day is not a Business Day), commencing on the first day after such Base Rate Loan is made, and at maturity. Any overdue principal of and, to the extent permitted by law, overdue interest on, any Base Rate Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of two percent (2%) plus the rate otherwise in effect for such day.

(b) Each LIBOR Loan shall bear interest on the outstanding principal amount thereof for each Interest Period applicable thereto at a rate per annum equal to the applicable LIBOR Rate; provided that if any LIBOR Loan or any portion thereof shall, as a result of clause (iv) of the definition of Interest Period, have an Interest Period of less than 30 days, such portion shall bear interest during such Interest Period at the rate applicable to Base Rate Loans during such period. Interest shall be payable for each Interest Period on the last day thereof, unless the duration of the applicable Interest Period exceeds three (3) months, in which case such interest shall be payable at the end of the first three (3) months of such Interest Period and on the last day of such Interest Period. Any overdue principal of and, to the extent permitted by law, overdue interest on, any LIBOR Loan shall bear interest, payable on demand, for each day until paid, at a rate per annum equal to the sum of two percent (2%) plus the higher of (i) the LIBOR Rate for the immediately preceding Interest Period applicable to such LIBOR Loan or (ii) the rate applicable to Base Rate Loans for such day; provided that, the rate of interest shall not exceed the maximum rate of interest permitted under La. R.S. 9:3509.

(c) The Agent shall (in accordance with this Agreement) determine each interest rate applicable to the Loans hereunder. The Agent shall give prompt notice to Borrower and the Banks by telecopy, telex or cable of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error. Any change in the Base Rate shall become effective as of the opening of business on the day on which such change in the Base Rate shall occur.

5.3 Fees.

(a) Borrower shall pay to Agent for the account of the Banks, in arrears, on the last day of March, June, September and December in each year (or, if such day is not a Business Day, on the next succeeding Business Day) and on the last day of the Revolving Credit Period, a commitment fee (the "Commitment Fee") equal to: (i) one fourth (1/4) of the rate per annum set forth in the column labeled "Commitment Fee" in the definition of "Applicable Margin" that corresponds to Borrower's Ratio of Consolidated Total Debt as of the end of the immediately preceding fiscal quarter to Consolidated EBITDA for the immediately preceding four (4) fiscal quarters multiplied by (ii) the unused Revolving Credit Commitments of all of the Banks during the preceding fiscal quarter, or portion thereof, which unused Revolving Credit Commitments shall be arrived at by dividing the sum of the unused Revolving Credit Commitments of the Banks for each day of that quarter as of the close of each day, by 90. Upon receipt, Agent shall promptly pay each Bank its Pro Rata Share of any such Commitment Fee paid by Borrower. The unused Revolving Credit Commitments shall be defined as (x) the total of the Revolving Credit Commitments of all of the Banks minus (y) the sum of (1) all outstanding Revolving Credit Loans, (2) all outstanding Letter of Credit Loans, and (3) the aggregate undrawn face amount of all outstanding Letters of Credit.

(b) Borrower shall pay to Agent an agreed upon fee. Borrower shall pay an origination fee to the Banks equal to 1/4 of 1% of the total Revolving Credit Commitments.

5.4 Early Payments.

(a) Borrower may, upon notice to the Agent specifying that it is paying its Revolving Credit Loans which are Base Rate

Loans, pay without penalty or premium such Base Rate Loans in whole at any time, or from time to time in part in amounts aggregating \$1,000,000.00, or any larger multiple of \$100,000.00; provided, however, that in no event may Borrower make a partial payment of Base Rate Loans which results in the total outstanding Revolving Credit Loans which are Base Rate Loans being greater than zero but less than \$2,000,000.00. Each such optional payment shall be applied to pay the Base Rate Loans of the several Banks in proportion to their respective Revolving Credit Commitments.

(b) Borrower may, upon at least one (1) Business Day's notice to the Agent specifying that it is paying its Revolving Credit Loans which are LIBOR Loans, pay without penalty or premium on the last day of any Interest Period its LIBOR Loans to which such Interest Period applies, in whole, or in part in amounts aggregating \$1,000,000.00 or any larger multiple of \$100,000.00, by paying the principal amount to be paid together with all accrued and unpaid interest thereon to and including the date of payment; provided, however, that (i) in no event may Borrower pay any Loan with respect to which Borrower has given a notice of conversion to or continuation of a LIBOR Loan pursuant to Section 5.1(a) and (ii) in no event may Borrower make a partial payment of LIBOR Loans which results in the total outstanding Revolving Credit Loans which are LIBOR Loans with respect to which a given Interest Period applies being greater than zero but less than \$2,000,000.00. Each such optional payment shall, subject to Section 5.6, be applied to pay such LIBOR Loans of the several Banks in proportion to their respective Revolving Credit Commitments.

(c) Upon receipt of a notice of payment pursuant to any of Sections 5.4(a) through (b) above, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share of such payment and such notice shall not thereafter be revocable by Borrower.

(d) Borrower may, upon notice to the Whitney specifying that it is paying its Swing Loan, pay without penalty or premium such Swing Loan in whole at any time, or in part from time to time.

5.5 General Provisions as to Payments. Borrower shall make each payment of principal of, and interest on, the Loans and of fees and all other amounts payable hereunder, not later than 12:00 noon (New Orleans time) on the date when due (2:00 p.m. New Orleans Time in the case of payments on the Swing Loans), in federal or other funds immediately available in New Orleans, Louisiana, to the Agent at its address referred to in Section 11.7. The Agent will promptly distribute to each Bank in immediately available funds its ratable share of each such payment received by the Agent for the account of the Banks, provided, however, that payments of principal, interest and fees with respect to the Swing Line Note and the Swing Loans shall be retained by Whitney for its own account. Whenever any payment of principal of, or interest on, the Loans or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day, except that in the case of LIBOR Loans such payment dates shall be subject to the definition of Interest Period. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon, at the then applicable rate, shall be payable for such extended time.

5.6 Funding Losses. Notwithstanding any provision contained herein to the contrary, if Borrower makes any payment of principal with respect to any LIBOR Loan (pursuant to Sections 3.1, 5.4, 9 or otherwise) on any day other than the last day of the Interest Period applicable thereto, or if Borrower fails to borrow or pay any LIBOR Loan after notice has been given to the Agent in accordance with Section 3.3, 5.1 or 5.4(b), Borrower shall reimburse each Bank on demand for any resulting losses and expenses incurred by it, including, without limitation, any losses incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment, provided that such Bank shall have delivered to Borrower a certificate as to the amount of such losses and expenses.

5.7 Basis for Determining Interest Rate Inadequate or Unfair. If with respect to any Interest Period, the Agent determines that either adequate and reasonable means do not exist

for ascertaining the LIBOR Rate for any Interest Period, or it becomes impractical for Agent or any Bank to obtain funds to make or maintain any borrowing bearing interest at the LIBOR Rate, or Agent or any Bank shall have determined that the LIBOR Rate will not adequately and fairly reflect the cost to Agent or any Bank of making, maintaining, or funding a proposed borrowing that Borrower has requested to bear interest at the LIBOR Rate, then the Agent shall forthwith give notice thereof to Borrower and the Banks, whereupon until the Agent notifies Borrower that the circumstances giving rise to such suspension no longer exist, (a) the obligations of the Banks to make LIBOR Loans shall be suspended, and (b) Borrower shall repay in full the then outstanding principal amount of each of its LIBOR Loans together with all accrued and unpaid interest thereon, on the last day of the then current Interest Period applicable to such Loan, or convert the then outstanding principal amount of each of its LIBOR Loans to a Base Rate Loan on the last day of the then current Interest Period applicable to each such LIBOR Loan.

5.8 Illegality. If, after the effective date of this Agreement, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental or regulatory authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive (whether or not having the force of law) of any such governmental or regulatory authority, central bank or comparable agency shall make it unlawful or impossible for any Bank to make, maintain or fund its LIBOR Loans to Borrower and such Bank shall so notify the Agent, the Agent shall forthwith give written notice thereof to the other Banks and Borrower. If Agent provides Borrower with such written notice, Borrower shall repay in full the then outstanding principal amount of each of its LIBOR Loans from such Bank, together with all accrued and unpaid interest thereon, on either (a) the last day of the then current Interest Period applicable to such LIBOR Loan if such Bank may lawfully continue to maintain and fund such LIBOR Loan to such day or (b) within fifteen (15) days of the receipt of such notice if such Bank may not lawfully continue to fund and maintain such LIBOR Loan to such day, provided that Borrower shall not be obligated to reimburse any such Bank for any losses or expenses as provided in Section 5.6. Concurrently with repaying each LIBOR Loan of such Bank, Borrower may borrow a Base Rate Loan in an equal principal amount from such Bank, and, if Borrower so elects, such Bank shall make such a Base Rate Loan to Borrower.

5.9 Increased Cost.

(a) If after the effective date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency (a "Regulatory Change"):

(A) shall subject any Bank to any tax, duty or other charge with respect to its LIBOR Loans, its Revolving Credit Notes or its obligation to make LIBOR Loans hereunder, or shall change the basis of taxation of payments to any Bank of the principal of or interest on its LIBOR Loans or any other amounts due under this Agreement in respect of its LIBOR Loans or its obligation to make LIBOR Loans (except for taxes on or changes in the rate of tax on the overall net income of such Bank); or

(B) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System), special deposit, capital or similar requirement against assets of, deposits with or for the account of, or credit extended or committed to be extended by, any Bank or shall, with respect to any Bank or the Interbank Eurodollar market, impose, modify or deem applicable any other condition affecting its LIBOR Loans, its Revolving Credit Notes or its obligation to make LIBOR Loans;

and the result of any of the foregoing is to increase the cost to (or in the case of Regulation D, to impose a cost on or increase

the cost to) such Bank of making or maintaining any LIBOR Loan, or to reduce the amount of any sum received or receivable by such Bank under this Agreement or under its Notes with respect thereto, by an amount deemed by such Bank, in its good faith judgment, to be material, and if such Bank is not otherwise fully compensated for such increase in cost or reduction in amount received or receivable by virtue of the inclusion of the reference to LIBOR Reserve Percentage in the calculation of the interest rate applicable to LIBOR Loans, then, within fifteen (15) days after notice by such Bank to Borrower together with a copy of the official notice of the applicable change in law (if applicable) and a work sheet showing how the change in cost or reduction or increase in amount received or receivable was calculated (with a copy to the Agent and all of the other Banks), Borrower shall pay for the account of such Bank as additional interest, such additional amount or amounts as will compensate such Bank for such increased cost or reduction. Each Bank will promptly notify Borrower, the Agent and all of the other Banks of any event of which it has knowledge, occurring after the effective date hereof, which will entitle such Bank to compensation pursuant to this Section. In determining such amount or amounts, such Bank may use any reasonable averaging and attribution methods.

(b) If any Bank demands compensation under this Section, Borrower may at any time, upon at least three (3) Business Days' prior notice to such Bank and the Agent, repay in full its then outstanding LIBOR Loans, as the case may be, of such Bank, together with all accrued and unpaid interest thereon to the date of prepayment and any funding losses and other amounts due under Section 5.6. Concurrently with repaying such LIBOR Loans of such Bank, Borrower may borrow from such Bank a Base Rate Loan in an amount equal to the aggregate principal amount of such LIBOR Loans, and, if Borrower so elects, such Bank shall make such a Base Rate Loan to Borrower.

5.10 Base Rate Loans Substituted for Affected LIBOR Loans. If notice has been given by a Bank pursuant to Section 5.7 or 5.8 or by Borrower pursuant to Section 5.9(b) requiring LIBOR Loans of any Bank to be repaid, then, unless and until such Bank notifies Borrower that the circumstances giving rise to such repayment no longer apply, all Loans which would otherwise be made by such Bank to Borrower as LIBOR Loans shall be made instead as Base Rate Loans. Such Bank shall notify Borrower if and when the circumstances giving rise to such repayment no longer apply.

5.11 Capital Adequacy. If, after the effective date of this Agreement, any Bank shall have determined that the adoption of any applicable law, rule, regulation or treaty regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Bank with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or will have the effect of reducing the rate of return on such Bank's capital in respect of any Letter of Credit or its obligations hereunder to a level below that which such Bank could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies with respect to capital adequacy), then from time to time Borrower shall pay to such Bank within fifteen (15) days of a written demand such additional amount or amounts as will compensate such Bank for such reduction. In determining such amount or amounts, such Bank may use any reasonable averaging and attribution methods. Each Bank will promptly notify the Borrower of any event occurring after the effective date hereof of which it has knowledge which will entitle such Bank to compensation pursuant to this section 5.11.

5.12 Survival of Provisions. All provisions relating to reimbursement to any Bank of amounts sufficient to protect the yield to such Bank with respect to the Loans, including, without limitation, Sections 5.7, 5.8 and 5.9 hereof, shall survive the payment of the Notes and the termination of this Agreement.

5.13 Discretion of Bank as to Manner of Funding. Notwithstanding any provision contained in this Agreement to the contrary, each of the Banks shall be entitled to fund and maintain its funding of all or any part of its LIBOR Loans in any

manner it elects, it being understood, however, that for purposes of this Agreement all determinations hereunder (including, without limitation, the determination of each Bank's funding losses and expenses under Section 5.6) shall be made as if such Bank had actually funded and maintained each LIBOR Loan through the purchase of deposits having a maturity corresponding to the maturity of the applicable Interest Period relating to the applicable LIBOR Loan and bearing an interest rate equal to the applicable LIBOR Rate.

5.14 Computation of Interest. Interest on Base Rate Loans hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). Interest on LIBOR Loans shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed, calculated as to each Interest Period from and including the first day thereof but excluding the last day thereof.

5.15 Collateral.

(a) In order to secure the payment when due of Borrower's Obligations, Borrower and each Subsidiary shall execute a Security Agreement in favor of Agent for the benefit of the Banks granting a first priority security interest in, among other things, all of the accounts, inventory, equipment, and general intangibles of Borrower and each Subsidiary subject only to Permitted Liens. Within fifteen (15) days of the creation or acquisition of any Subsidiary, in each case, in accordance with the terms of this Agreement, any such new Subsidiary shall execute a Security Agreement in the form of Exhibit H(2) annexed hereto in favor of Agent for the benefit of each of the Banks granting a first priority security interest in, among other things, all of the accounts, inventory, equipment, and general intangibles of such Subsidiary subject only to Permitted Liens as security for Borrower's Obligations. Borrower covenants and agrees that Borrower and each Subsidiary will execute any and all financing statements, continuation statements and such other documents as may from time to time be requested by Agent or the Banks in order to create, perfect and maintain the security interest created by the Security Agreements. Upon demand, Borrower shall pay to Agent or to any other party designated by Agent all filing fees incurred by Agent in the perfection of the security interest contemplated hereby.

(b) In order to further secure the payment when due of Borrower's Obligations, Borrower has granted to Agent for the benefit of the Banks a first priority pledge of and security interest in all of the issued and outstanding common stock of each Subsidiary. Said pledge and security interest is more fully described in and evidenced by that Stock Pledge Agreement dated as of February 17, 1998 executed by Borrower in favor of Agent for the benefit of the Banks (as the same may from time to time be further amended, modified, extended or renewed, the "Stock Pledge Agreement"). Within fifteen (15) days of the creation or acquisition of any Subsidiary, in each case, in accordance with the terms of this Agreement, Borrower shall execute an amendment to the Stock Pledge Agreement, in such form as Agent may reasonably require, whereby Borrower shall grant Agent for the benefit of the Banks a first priority pledge of and security interest in all of the issued and outstanding common stock of such Subsidiary. Borrower covenants and agrees that it will execute any and all collateral schedules, stock powers, Reg. U-1 affidavits and such other documents as may from time to time be requested by Agent or the Banks in order to create, perfect and maintain the pledge and security interest created by the Stock Pledge Agreement. Upon demand, Borrower shall pay to Agent or to any other party designated by Agent all filing fees or transfer fees incurred by Agent in the perfection and administration of the pledge and security interest contemplated hereby.

SECTION 6. PRECONDITIONS TO LOANS AND LETTERS OF CREDIT.

6.1 Initial Revolving Credit Loan, Initial Swing Loan or Letter of Credit. Notwithstanding any provision contained herein to the contrary, none of the Banks shall have any obligation to make the initial Revolving Credit Loan hereunder, Whitney shall have no obligation to make the initial Swing Loan hereunder, and Whitney shall have no obligation to issue a Letter of Credit hereunder unless the Agent shall have received on the effective date hereof:

(a) This Agreement, the Stock Pledge Agreement, the Security Agreement and the Notes, each executed by a duly authorized officer of Borrower;

(b) The Continuing Guarantee and the Security Agreement by each Subsidiary, each executed by a duly authorized officer of such Subsidiary;

(c) A copy of resolutions of the Board of Directors of Borrower, duly adopted, which authorize the execution, delivery and performance of this Agreement, the Notes, the Security Agreement, the Stock Pledge Agreement, the Letter of Credit Application(s) and the other Transaction Documents delivered at or prior to the closing, certified by the Secretary or an Assistant Secretary of Borrower;

(d) A copy of resolutions of the Board of Directors of each Subsidiary, duly adopted, which authorize the execution, delivery and performance of the Continuing Guarantee, the Security Agreement and the Letter of Credit Application(s) executed by such Subsidiary, certified by the Secretary or an Assistant Secretary of such Subsidiary;

(e) An incumbency certificate, executed by the Secretary or an Assistant Secretary of Borrower, which shall identify by name and title and bear the signatures of all of the officers of Borrower executing any of the Transaction Documents delivered at or prior to the closing;

(f) An incumbency certificate, executed by the Secretary or an Assistant Secretary of each Subsidiary, which shall identify by name and title and bear the signatures of the officer of such Subsidiary executing the Continuing Guarantee and the Security Agreement of such Subsidiary delivered at or prior to the closing;

(g) Opinions of counsel for Borrower and the Subsidiaries satisfactory to Agent relating to the Transaction Documents and such other matters as the Banks may reasonably require and satisfactory in form and substance to the Agent;

(h) Payment of Agent's costs and expenses as provided for in Section 11.3 and payment to Agent of the fees required under Sections 5.3(a) and (b) herein; and

(i) All documents executed or submitted pursuant hereto by or on behalf of Borrower or any of its Subsidiaries shall be satisfactory in form and substance to the Agent and its counsel; and the Agent and its counsel shall have received all information, approvals, opinions, documents or other instruments as the Agent or its counsel may reasonably request.

Any one or more of the conditions set forth above which have not been satisfied by Borrower on or prior to the effective date hereof shall not be deemed permanently waived unless Agent and the Banks shall waive the same in a writing which expressly states that the waiver is permanent, and, in all cases in which the waiver is not stated to be permanent, Agent and the Banks may at any time subsequent thereto insist upon compliance and satisfaction of any such condition as a condition to any new Loan advance and/or to the requested conversion of any interest rate on any outstanding Loan hereunder, and Banks shall have no obligation to make any such advance or to convert any such interest rate until all such conditions have been satisfied.

6.2 All Loans. Notwithstanding any provision contained herein to the contrary, none of the Banks shall have any obligation to make any further Revolving Credit Loan hereunder or to convert any Loan to a LIBOR Loan or to extend any LIBOR Loan for a new Interest Period, and Whitney shall have no obligation to make any further Swing Loan hereunder, unless:

(a) With respect to any new Revolving Credit Loan advance, the Agent shall have received a Borrowing Notice for such Revolving Credit Loan as required by Section 3.3;

(b) With respect to any conversion of a Loan to or continuation of any Loan as a LIBOR Loan, the Agent shall have received the notice for such conversion or continuation as required by Section 5.1;

(c) On the date of and immediately after giving effect to such Revolving Credit Loan, such Swing Loan or such interest rate conversion or extension, no Default or Event of Default under this Agreement shall have occurred and be continuing;

(d) No change in the Properties, assets, liabilities, business, operations, prospects, income or condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole and having a Material Adverse Effect shall have occurred since the effective date of this Agreement and be continuing; and

(e) Except for subsequent changes consented to by the Required Banks after the effective date hereof, or as allowed pursuant to this Agreement, all of the representations and warranties of Borrower contained in Section 7 of this Agreement and in the other Transaction Documents shall be true and correct in all material respects on and as of the date of such Revolving Credit Loan, such Swing Loan or such interest rate conversion or continuation as if made on and as of the date of such Revolving Credit Loan, such Swing Loan or such interest rate conversion or continuation.

Each request for a Revolving Credit Loan by Borrower hereunder, each request for a Swing Loan by Borrower hereunder and each request by Borrower to convert any Loan to or continue any Loan as a LIBOR Loan shall be deemed to be a representation and warranty by Borrower on the date of such Revolving Credit Loan, such Swing Loan or such conversion or continuation, as the case may be, as to the facts specified in clauses (c), (d) and (e) of this Section 6.2.

6.3 Letters of Credit. Notwithstanding any provision contained herein to the contrary, Whitney shall have no obligation to issue any Letter of Credit after the effective date hereof unless:

(a) Whitney shall have received a Letter of Credit Request for such Letter of Credit as required by Section 4.1(a);

(b) Whitney shall have received a Letter of Credit Application for such Letter of Credit as required by Section 4.1(a), duly executed by an authorized officer of Borrower and of a Subsidiary (if such Letter of Credit is for the account of such Subsidiary) as account party;

(c) Borrower shall have complied with all of the procedures and requirements set forth in Section 4.1;

(d) On the date of and immediately after the issuance of such Letter of Credit, no Default or Event of Default under this Agreement shall have occurred and be continuing;

(e) No change in the Properties, assets, liabilities, business, operations, prospects, income or condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole and having a Material Adverse Effect shall have occurred since the effective date of this Agreement and be continuing;

(f) Except for subsequent changes consented to by the Required Banks after the effective date hereof, all of the representations and warranties of Borrower contained in Section 7 of this Agreement and in the other Transaction Documents shall be true and correct in all material respects on and as of the date of the issuance of such Letter of Credit as if made on and as of the date of the issuance of such Letter of Credit; and

(g) Whitney shall have received such other documents, certificates and agreements as it may reasonably request.

Each request for the issuance of a Letter of Credit by Borrower hereunder shall be deemed to be a representation and warranty by Borrower on the date of the issuance of such Letter of Credit as to the facts specified in clauses (d), (e) and (f) of this Section 6.3.

SECTION 7. REPRESENTATIONS AND WARRANTIES.

Borrower hereby represents and warrants to each of the Banks that:

7.1 Corporate Existence and Power. Borrower and each Subsidiary: (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite powers and all governmental and regulatory licenses, authorizations, consents and approvals required to carry on its business as now conducted; and (c) is qualified to transact business as a foreign entity in, and is in good standing under the laws of, all states in which it is required by applicable law to maintain such qualification and good standing except for those states in which the failure to qualify or maintain good standing could not reasonably be expected to have a Material Adverse Effect.

7.2 Corporate Authorization. The execution, delivery and performance by Borrower of this Agreement, the Notes, the Security Agreement, the Letter of Credit Application(s) and the other Transaction Documents are within the corporate powers of Borrower and have been duly authorized by all necessary corporate action. The execution, delivery and performance by each Subsidiary of any Continuing Guarantee, Letter of Credit Application(s), the Security Agreement and other Transaction Documents executed by such Subsidiary are within the corporate powers of such Subsidiary and have been duly authorized by all necessary corporate action.

7.3 Binding Effect. This Agreement, the Security Agreement, the Notes and the other Transaction Documents executed contemporaneously with the execution of this Agreement have been duly executed and delivered by Borrower and constitute the legal, valid and binding obligations of Borrower enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and the Letter of Credit Application(s) and any future Transaction Documents not executed contemporaneously with the execution of this Agreement, when executed and delivered in accordance with this Agreement, will constitute the legal, valid and binding obligations of Borrower enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

7.4 Financial Statements. Borrower has furnished each of the Banks with the following financial statements: (1) the consolidated balance sheets and statements of income, retained earnings and cash flows of Borrower and its Subsidiaries as of December 31, 1996, all certified by Borrower's independent certified public accountants, which financial statements have been prepared in accordance with GAAP consistently applied; and (2) unaudited consolidated balance sheets and statements of income, retained earnings and cash flows of Borrower and its Subsidiaries as of September 30, 1997, certified by the Chief Financial Officer of Borrower as being true and correct to the best of his knowledge and as being prepared in accordance with GAAP consistently applied. Borrower further represents and warrants to each of the Banks that: (1) said balance sheets and their accompanying notes fairly present the condition, respectively, of Borrower and its Subsidiaries as of the dates thereof; (2) there has been no material adverse change in the condition or operation, financial or otherwise, of Borrower or any of its Subsidiaries since September 30, 1997; and (3) neither Borrower nor any Subsidiaries had, as of the respective dates of such financial statements, any material direct or contingent liabilities which are not disclosed on said financial statements or the notes thereto (to the extent such disclosure is required by GAAP).

7.5 Litigation. There is no action, proceeding or claim pending or, to the knowledge of Borrower, threatened against Borrower or any Subsidiary before any court, arbitrator or any governmental, regulatory or administrative body, agency or official (including, but not limited to, any ERISA plan administrator) which, if adversely determined against Borrower or any Subsidiary, could reasonably be expected to have a Material Adverse Effect or which would need to be disclosed, in accordance with GAAP, in Borrower's or any Subsidiary's financial

statements. Neither Borrower nor any Subsidiary is in default with respect to any order, writ, injunction, decision or decree of any court, arbitrator or any governmental, regulatory or administrative body, agency or official, a default under which could reasonably be expected to have a Material Adverse Effect. As of the effective date hereof, there are no outstanding judgments against Borrower or any Subsidiary.

7.6 ERISA. Borrower and each Subsidiary are in compliance in all material respects with the applicable provisions of ERISA and the Code (pertaining to any Pension Plan), and have not engaged in, or permitted to exist or occur, any condition, event or transaction which could result in the incurrence by Borrower or any Subsidiary or ERISA Affiliate of any liability, fine or penalty which would have a Material Adverse Effect.

7.7 Tax Payment. There is no proposed, asserted or assessed tax deficiency against Borrower or any of its Subsidiaries which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

7.8 Subsidiaries. There are no Subsidiaries other than as identified on Schedule 7.8 attached hereto, as the same may from time to time be amended, modified or supplemented as provided herein. The capital stock of each Subsidiary is duly authorized, validly issued and fully paid and nonassessable and is owned solely by Borrower and/or any one or more Subsidiaries. Except as disclosed on Schedule 7.8 attached hereto, neither Borrower nor any of its Subsidiaries, individually or collectively, owns or holds, directly or indirectly, any capital stock or equity security of, or any equity interest in, any corporation or business. Borrower may at any time amend, modify or supplement Schedule 7.8 by notifying the Agent in writing of any changes thereto, including any formation, acquisition, merger or liquidation of Subsidiaries or any change in the capitalization of any Subsidiary, in each case, in accordance with the terms of this Agreement and provided that any such new Subsidiary shall, within fifteen (15) days of the creation or acquisition of such Subsidiary, execute and deliver to Agent for the benefit of all the Banks a Continuing Guarantee in form of Exhibit C attached hereto and a Security Agreement in the form of Exhibit H(2) attached hereto.

7.9 Compliance With Other Instruments; None Burdensome. Neither Borrower nor any Subsidiary is a party to any contract or agreement or subject to any charter or other corporate or other restriction which could reasonably be expected to have a Material Adverse Effect and which is not disclosed on Borrower's or any Subsidiary's financial statements heretofore submitted to the Banks; neither the execution and delivery by Borrower and the Subsidiaries of the Transaction Documents nor the consummation of the transactions therein contemplated has violated or will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Borrower or any Subsidiary, or any of the provisions of Borrower's or any Subsidiary's Certificate of Incorporation or Bylaws or any of the provisions of any indenture, agreement, document, instrument or undertaking to which Borrower or any Subsidiary is a party or subject, or by which it or its Property is bound, or conflict with or constitute a default thereunder or result in the creation or imposition of any Lien pursuant to the terms of any such indenture, agreement, document, instrument or undertaking (other than in favor of the Agent and/or the Banks pursuant to the Transaction Documents). No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any Governmental Authority, or any other Person is required to authorize, or is required in connection with, the execution, delivery or performance of, or the legality, validity, binding effect or enforceability of, any of the Transaction Documents that has not already been obtained.

7.10 Other Debt, Guarantees. Except as disclosed on Schedule 7.10 attached hereto as of the effective date of this Agreement, and except for Debt incurred or made on or after the effective date hereof as permitted under Section 8.2(a) and the other provisions of this Agreement, neither Borrower nor any Subsidiary of Borrower is a borrower, guarantor or obligor with respect to any Debt or Guarantees.

7.11 Labor Matters. Neither Borrower nor any Subsidiary is a party to any labor dispute which could reasonably be expected

to have a Material Adverse Effect. There are no strikes or walkouts relating to any labor contract to which Borrower or any Subsidiary is subject which could reasonably be expected to have a Material Adverse Effect. Hours worked and payments made to the employees of Borrower and its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters which could reasonably be expected to have a Material Adverse Effect. Except as described on Schedule 7.11 attached hereto, all payments due from Borrower or any Subsidiary, or for which any claim may be made against any of them, in respect of wages, employee health and welfare insurance and/or other benefits have been paid or accrued as a liability on their respective books in accordance with GAAP.

7.12 Title to Property. Borrower and each Subsidiary is the sole and absolute owner of, or has the legal right to use and occupy, all Property it claims to own or which is necessary for Borrower or such Subsidiary to conduct its business, free and clear of all Liens other than the Permitted Liens. Borrower and its Subsidiaries enjoy peaceful and undisturbed possession in all material respects under all leases under which they are operating as lessees.

7.13 Regulation U. Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of The Board of Governors of the Federal Reserve System, as amended) and no part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately (i) to purchase or carry margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock, or to refund or repay indebtedness originally incurred for such purpose or (ii) for any purpose which entails a violation of, or which is inconsistent with, the provisions of any of the Regulations of The Board of Governors of the Federal Reserve System, including, without limitation, Regulations G, U, T or X thereof, as amended. If requested by any of the Banks, Borrower shall furnish to the Agent a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U.

7.14 Investment Company Act of 1940: Public Utility Holding Company Act of 1935. Borrower is not an "investment company" as that term is defined in, and is not otherwise subject to regulation under, the Investment Company Act of 1940, as amended. Borrower is not a "holding company" as that term is defined in, and is not otherwise subject to regulation under, the Public Utility Holding Company Act of 1935, as amended.

7.15 Patents, Licenses, Trademarks, Etc. Borrower and each of its Subsidiaries have all permits, certificates, licenses (including patent and copyright licenses), approvals and other authorizations required in connection with the operation of their businesses, except those which the failure to have could not reasonably be expected to have a Material Adverse Effect. There is no pending or, to Borrower's actual knowledge, threatened litigation, or arbitration in which it is alleged that Borrower or any Subsidiary has violated or breached any patents, licenses, trademarks, trademark rights, trade names, trade name rights and copyrights which could reasonably be expected to have a Material Adverse Effect.

7.16 Environmental and Safety and Health Matters. Except as disclosed on Schedule 7.16 attached hereto: (i) the operations of Borrower and each Subsidiary comply in all material respects with (A) all applicable lawfully promulgated, enacted, entered or finalized Environmental Laws and (B) all applicable lawfully promulgated, enacted, entered or finalized Occupational Safety and Health Laws, which the failure to comply with could reasonably be expected to have a Material Adverse Effect; (ii) none of the operations of Borrower or any Subsidiary are subject to any Environmental Claim or any judicial, governmental, regulatory or administrative proceeding alleging the violation of any Occupational Safety and Health Law, which, if adversely determined, could reasonably be expected to have a Material Adverse Effect; (iii) to Borrower's actual knowledge, none of the operations of Borrower or any Subsidiary is the subject of any material federal or state investigation evaluating whether any remedial action is needed to respond to any unsafe or unhealthful condition at any premises of Borrower or such Subsidiary; (iv)

neither Borrower nor any Subsidiary has filed any notice under any Environmental Law or Occupational Safety and Health Law (pertaining to a matter which has not been resolved) reporting (A) any past or present spillage, disposal or Release into the environment of, or treatment, storage or disposal of, any Hazardous Substance or any other hazardous, toxic or dangerous waste, substance or constituent or other substance which could reasonably be expected to have a Material Adverse Effect, or (B) any unsafe or unhealthful condition at any premises of Borrower or such Subsidiary which could reasonably be expected to have a Material Adverse Effect; and (v) neither Borrower nor any Subsidiary has to its actual knowledge any contingent liability which could reasonably be expected to have a Material Adverse Effect in connection with (A) any spillage, disposal or Release into the environment of, or otherwise with respect to, any Hazardous Substances or any other hazardous, toxic or dangerous waste, substance or constituent or other substance or (B) any unsafe or unhealthful environmental condition at any premises of Borrower or such Subsidiary.

7.17 Investments. Neither Borrower nor any Subsidiary has any Restricted Investments.

7.18 No Default. No Default or Event of Default under this Agreement has occurred and is continuing and no event has occurred which with the giving of notice or the passage of time would constitute a Default or an Event of Default. There is no existing default or event of default (and no event has occurred which with the giving of notice or the passage of time would constitute a default or an event of default) under or with respect to any indenture, contract, agreement, lease or other instrument to which Borrower or any Subsidiary is a party or by which Borrower, any Subsidiary or any Property of Borrower or any Subsidiary is bound or affected, a default under which could reasonably be expected to have a Material Adverse Effect. Neither Borrower nor any Subsidiary of Borrower is in violation of any applicable statute, law, rule, regulation or ordinance of the United States of America, of any state, city, town, municipality, county or of any other jurisdiction, or of any agency thereof, a violation of which could reasonably be expected to have a Material Adverse Effect.

7.19 No Burdensome Restrictions. No agreement or obligation of Borrower or any of its Subsidiaries in effect on the effective date hereof and no statute, law, rule, regulation or ordinance of the United States of America, of any state, city, town, municipality, county or of any other jurisdiction, or of any agency thereof, on the effective date hereof materially adversely affects Borrower or any Subsidiary, or insofar as Borrower may reasonably foresee may have a Material Adverse Effect.

7.20 Disclosure. Neither this Agreement nor any of the Exhibits or Schedules hereto nor any certificate or other data furnished to the Agent or any of the Banks in writing by or on behalf of Borrower or any Subsidiary in connection with the transactions contemplated by this Agreement contains any untrue or incorrect statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

SECTION 8. COVENANTS.

8.1 Affirmative Covenants of Borrower. Borrower covenants and agrees that, so long as (i) any of the Banks has any obligation to make any Loan hereunder or to issue any Letter of Credit hereunder, (ii) any Letter of Credit remains outstanding or (iii) any of Borrower's Obligations (excluding any continuing indemnity obligations beyond the Term of this Agreement or any earlier termination hereof) remain unpaid:

(a) Information. Borrower will deliver to Agent:

(i) as soon as available and in any event within ninety (90) days after the end of each fiscal year of Borrower, consolidated balance sheets of Borrower and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of income, stockholders equity and cash flows for such fiscal year, setting forth in each case, in comparative form, the figures for the previous fiscal year, all such financial statements to be prepared in accordance with GAAP and reported on by and accompanied by

the unqualified opinion of independent certified public accountants of nationally recognized standing selected by Borrower, together with (1) a certificate from such accountants to the effect that, in making the examination necessary for the signing of such annual audit report, such accountants have not become aware of any Default or Event of Default that has occurred and is continuing, or, if such accountants have become aware of any such event, describing it and the steps, if any, being taken to cure it (such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Default or Event of Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards) and (2) computations evidencing Borrower's compliance with the financial covenants contained in Sections 8.1(m)(i) through (iv) of this Agreement as calculated on a consolidated basis for Borrower and its Subsidiaries;

(ii) as soon as available and in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of Borrower, consolidated balance sheets of Borrower and its Subsidiaries as of the end of such fiscal quarter and the related consolidated statements of income, retained earnings and cash flows for such fiscal quarter and for the portion of Borrower's fiscal year ended at the end of such fiscal quarter, setting forth in each case in comparative form, the figures for the corresponding fiscal quarter and the corresponding portion of Borrower's previous fiscal year, all in reasonable detail;

(iii) promptly upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as Borrower or any Subsidiary shall send to its stockholders and copies of all registration statements (without exhibits) and all reports which Borrower or any Subsidiary files with the Securities and Exchange Commission (or any governmental body or agency succeeding to the functions of the Securities and Exchange Commission);

(iv) simultaneously with the delivery of each set of financial statements referred to in clauses (i) and (ii) above, a certificate of executed by the Chief Financial Officer on behalf of Borrower in the form attached hereto as Exhibit F and incorporated herein by reference, accompanied by supporting financial work sheets where appropriate, (A) evidencing Borrower's compliance with the financial covenants contained in Sections 8.1(m)(i) through (iv) of this Agreement as calculated on a consolidated basis for Borrower and its Subsidiaries, and (B) stating whether there exists on the date of such certificate any Default or Event of Default and, if any Default or Event of Default then exists, setting forth the details thereof and the action which Borrower is taking or proposes to take with respect thereto;

(v) promptly upon receipt thereof, any reports submitted to Borrower or any Subsidiary (other than reports previously delivered pursuant to Sections 8.1(a)(i) and (ii) above) by independent accountants in connection with any annual, interim or special audit made by them of the books of Borrower or any Subsidiary;

(vi) as soon as possible and in any event within 45 days after the end of each fiscal quarter (including fiscal year end) and simultaneously with delivering the audited financial statements described in Section 8.1(a)(i), a certificate of the principal financial officer of Borrower, accompanied by supporting computations, setting forth the ratio of Consolidated Total Debt as of the end of the immediately preceding fiscal quarter to Consolidated EBITDA for the immediately preceding four (4) fiscal quarters;

(vii) Notice of any Acquisition; and

(viii) with reasonable promptness, such further information regarding the business, affairs and financial condition of Borrower or any Subsidiary as Agent may from time to time reasonably request.

Each of the Banks is hereby authorized to deliver a copy of any financial statement or other information made available by Borrower or any Subsidiary to any regulatory authority having jurisdiction over such Bank, pursuant to any request therefor.

(b) Payment of Indebtedness. Borrower will, and it will cause each of its Subsidiaries to pay and discharge any and all Indebtedness payable or Guaranteed by Borrower or such Subsidiary, as the case may be, and any interest or premium thereon, when due in accordance with the agreement, document or instrument relating to such Indebtedness or Guarantee, provided, however, that neither Borrower nor any Subsidiary shall be required to pay any such Indebtedness or Guarantee (excluding Borrower's Obligations) which is being contested in good faith and by appropriate proceedings being diligently conducted and for which provision in accordance with GAAP has been made, except that Borrower or such Subsidiary, as the case may be, shall pay or cause to be paid any such Indebtedness or Guarantee forthwith upon the commencement of proceedings to foreclose any Lien which is attached as security therefor, unless such foreclosure is stayed by the filing of an appropriate bond.

(c) Maintenance of Books and Records, Consultations and Inspections. Borrower will, and it will cause each of its Subsidiaries to, maintain books and records in accordance with GAAP and in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities. Borrower will, and it will cause each of its Subsidiaries to, permit the Agent and each of the Banks (and any Person appointed by the Agent or any of the Banks to whom the Borrower does not reasonably object) to discuss the affairs, finances and accounts of Borrower and each Subsidiary with the officers of Borrower and each Subsidiary and their independent public accountants, all at such reasonable times and as often as the Agent or any of the Banks may from time to time reasonably request. Subject to any confidentiality and/or security clearance restrictions applicable to Borrower's or any Subsidiary's records, Borrower will also permit, and will cause each Subsidiary to permit, inspection of its Properties, books and records by the Agent during normal business hours and at other reasonable times. Agent may be accompanied by representatives of any of the Banks during any such inspections. Borrower will reimburse the Agent upon demand for all costs and expenses incurred by the Agent in connection with any such inspection conducted by the Agent while any Default or Event of Default under this Agreement has occurred and is continuing. A representative of Borrower may be present during any such inspection, provided that a particular representative's availability or unavailability shall not inhibit or delay such inspection. Borrower shall permit the Agent to communicate directly with Borrower's independent public accountants and to discuss the affairs, finances and accounts of the Borrower and the Subsidiaries at such reasonable times and intervals and to such reasonable extent as the Agent may request. A representative of Borrower may be present and/or participate in any such communication with Borrower's accountants, provided that a particular representative's availability or unavailability shall not inhibit or delay such communication.

(d) Payment of Taxes. Borrower will, and it will cause each of its Subsidiaries to, duly file all federal, state and local income tax returns and all other tax returns and reports of Borrower or such Subsidiary, as the case may be, which are required to be filed and duly pay and discharge promptly all taxes, assessments and other governmental charges imposed upon it or any of its Property; provided, however, that neither Borrower nor any Subsidiary shall be required to pay any such tax, assessment or other governmental charge the payment of which is being contested in good faith and by appropriate proceedings being diligently conducted and for which adequate provision as determined in accordance with GAAP has been made, except that Borrower or such Subsidiary, as the case may be, shall pay or cause to be paid all such taxes, assessments and governmental charges forthwith upon the commencement of proceedings to foreclose any Lien which is attached as security therefor, unless such foreclosure is stayed by the filing of an appropriate bond.

(e) Payment of Claims. Borrower will, and it will cause each of its Subsidiaries to, promptly pay and discharge (i) all trade accounts payable in accordance with usual and customary business practices and (ii) all claims for work, labor or

materials which if unpaid might become a Lien upon any of its Property or assets; provided, however, that neither Borrower nor any Subsidiary shall be required to pay any such account payable or claim the payment of which is being contested in good faith and by appropriate proceedings being diligently conducted and for which adequate provision as determined in accordance with GAAP has been made, except that Borrower or such Subsidiary, as the case may be, shall pay or cause to be paid all such accounts payable and claims forthwith upon the commencement of proceedings to foreclose any Lien which is attached as security therefor, unless such foreclosure is stayed by the filing of an appropriate bond.

(f) Corporate Existence. Borrower will, and it will cause each of its Subsidiaries to, do all things necessary to (i) preserve and keep in full force and effect at all times its corporate or other existence and all permits, licenses, franchises and other rights material to its business, and (ii) be duly qualified to do business in all jurisdictions where the nature of its business or its ownership of Property requires such qualification except for those states in which the failure to qualify could not reasonably be expected to have a Material Adverse Effect.

(g) Maintenance of Property. Borrower will, and it will cause each of its Subsidiaries to, at all times, preserve and maintain all of the Property useful and necessary in the conduct of its business in adequate working order (taking into consideration the condition of any such Property in existence on the effective date hereof), ordinary wear and tear excepted.

(h) Compliance with Laws, Regulations, Etc. Borrower will, and it will cause each of its Subsidiaries to, comply with any and all laws, ordinances and governmental and regulatory rules and regulations to which Borrower or such Subsidiary, as the case may be, is subject except where noncompliance would not have a Material Adverse Effect, and maintain any and all licenses, permits, franchises and other governmental and regulatory authorizations necessary to the ownership of its Properties or to the conduct of its business, which violation or failure to obtain could reasonably be expected to have a Material Adverse Effect.

(i) Environmental Matters. Borrower will, and it will cause each of its Subsidiaries to, at all times comply in all material respects with all requirements and agreements contained in Section 11.4 hereof. Borrower will, and will cause each of its Subsidiaries to, at all times comply in all material respects with all Environmental Laws which the failure to comply with could reasonably be expected to have a Material Adverse Effect. Borrower shall give the Agent and each of the Banks prompt written notice of (i) any Environmental Claim or any other action or investigation with respect to the existence or potential existence of any Hazardous Substances instituted or threatened with respect to Borrower or any Subsidiary or any of the Properties or facilities owned, leased or operated by Borrower or any Subsidiary that could reasonably be expected to result in liability in excess of \$250,000.00 and (ii) any condition or occurrence on any of the Properties or facilities owned, leased or operated by Borrower or any Subsidiary which constitutes a material violation by Borrower or any Subsidiary of any lawfully promulgated, enacted, entered or finalized Environmental Laws or which gives rise to a reporting obligation or requires pursuant to an order of a Governmental Authority (the "Order") removal or remediation by Borrower or any Subsidiary under any lawfully promulgated, enacted, entered or finalized Environmental Laws. Such notice shall in either case be accompanied by Borrower's plan with respect to removal or remediation and Borrower agrees to take all action which is required by the Order or any lawfully promulgated, enacted, entered or finalized Environmental Law in connection with such action, investigation, condition or occurrence in accordance with such plan with due diligence and to fulfill the requirements of any Order or lawfully promulgated, enacted, entered or finalized Environmental Law as promptly as possible and in all events within the time required by any Order. Borrower shall promptly provide the Agent and each of the Banks with copies of all material documentation relating thereto, and such other material information with respect to environmental matters as the Agent or any of the Banks may reasonably request from time to time.

(j) ERISA Compliance. If Borrower, any Subsidiary or any ERISA Affiliate shall have any Pension Plan, Borrower, such Subsidiary or such ERISA Affiliate, as the case may be, shall comply in all respects with all requirements of ERISA and the Code relating to such Pension Plan, with which the failure to comply could have a Material Adverse Effect. Without limiting the generality of the foregoing, unless Borrower shall have received the prior written consent of the Required Banks to the contrary (which consent shall not be unreasonably withheld), Borrower will not, and it will not cause or permit any Subsidiary or any ERISA Affiliate to:

(i) permit any Pension Plan maintained by Borrower, any Subsidiary or any ERISA Affiliate to engage in any nonexempt "prohibited transaction," as such term is defined in Section 4975 of the Code which could have a Material Adverse Effect;

(ii) permit any Pension Plan maintained by Borrower, any Subsidiary or any ERISA Affiliate to incur any "accumulated funding deficiency", as such term is defined in Section 302 of ERISA, 29 U.S.C. ' 1082, whether or not waived, which could have a Material Adverse Effect;

(iii) allow the termination of any Pension Plan in a manner which could result in the imposition of a Lien on any Property of Borrower, any Subsidiary or any ERISA Affiliate pursuant to Section 4068 of ERISA, 29 U.S.C. ' 1368; or

(iv) take any action which would constitute a complete or partial withdrawal from a Multi-Employer Plan within the meaning of Sections 4203 or 4205 of Title IV of ERISA, which could have a Material Adverse Effect.

(k) Notices. Borrower will notify the Agent in writing of any of the following within three (3) Business Days after learning of the occurrence thereof, describing the same and, if applicable, the steps being taken by the Person(s) affected with respect thereto:

(i) the occurrence of any Default or Event of Default under this Agreement;

(ii) the institution of any litigation, arbitration proceeding or governmental or regulatory proceeding affecting Borrower, any other Obligor or any Subsidiary in which the prayer or claim for relief seeks recovery of an amount in excess of \$500,000.00 (or, if no dollar amount is specified in the prayer or claim for relief, in which there is a reasonable likelihood of recovery of an amount in excess of \$500,000.00) or any form of equitable relief and which is not considered to be covered by insurance or any insurance company has reserved its rights or declined coverage for such claim;

(iii) the occurrence of a Reportable Event with respect to any Pension Plan; the filing of a notice of intent to terminate a Pension Plan by Borrower, any ERISA Affiliate or any Subsidiary; the institution of proceedings to terminate a Pension Plan by the PBGC or any other Person; the withdrawal in a "complete withdrawal" or a "partial withdrawal" as defined in Sections 4203 and 4205, respectively, of ERISA by Borrower, any ERISA Affiliate or any Subsidiary from any Multi-Employer Plan; or the incurrence of any material increase in the contingent liability of Borrower or any Subsidiary with respect to any "employee welfare benefit plan" as defined in Section 3(1) of ERISA which covers retired employees and their beneficiaries;

(iv) the occurrence of any event that is reasonably likely to have a Material Adverse Effect: and

(v) any notices required to be provided pursuant to other provisions of this Agreement that do not otherwise provide a time frame in which such notice is to be provided and notice of the occurrence of such other events as the Agent may from time to time reasonably specify.

(l) Insurance. Borrower will, and it will cause each of its Subsidiaries to, insure all of its Property of the character

usually insured by corporations engaged in the same or similar businesses with properties in similar geographic areas, against loss or damage of the kind customarily insured against by such corporations, and carry adequate liability insurance and other insurance of a kind and in amount(s) generally carried by such corporations. All insurance required by this Section 8.1(1) shall be with insurers rated A-VII or better by A.M. Best Company (or accorded a similar rating by another nationally or internationally recognized insurance rating agency of similar standing if A.M. Best Company is not then in the business of rating insurers or rating foreign insurers) or such other insurers as may from time to time be reasonably acceptable to the Required Banks. All such insurance may be subject to reasonable deductible amounts. Borrower shall, upon the request of Agent, deliver to the Agent a certificate of insurance upon the renewal of such policies specifying the details of all insurance then in effect.

(m) Financial Covenants.

(i) Minimum Consolidated Current Ratio. Borrower will have a Consolidated Current Ratio as of the end of each fiscal quarter of at least 2.0 to 1.

(ii) Minimum Consolidated Debt Service Coverage. Borrower will have a Consolidated Debt Service Coverage Ratio as of the end of each fiscal quarter commencing after March 31, 1998 of at least 1.50 to 1.

(iii) Maximum Consolidated Funded Debt to Consolidated EBITDA. As of the end of each fiscal quarter, Borrower will have a ratio of Consolidated Funded Debt as of such date to Consolidated EBITDA for the immediately preceding four (4) fiscal quarters (including the fiscal quarter ending on such date) of less than or equal to 2.5 to 1.

(iv) Minimum Consolidated Tangible Net Worth. Borrower will not permit Consolidated Tangible Net Worth at the end of any fiscal quarter to be less than \$29,000,000.00 plus 50% of Consolidated Net Income (without giving any effect to any losses), excluding any Consolidated Net Income due to non-cash accounting adjustments, for each fiscal quarter ending after December 31, 1997 plus 50% of the net cash proceeds received by Borrower from any sale after the date hereof of stock of Borrower or any Subsidiary through any public offering within the meaning of the Securities Act of 1933.

(n) Further Assurances. Borrower and each Subsidiary will execute and deliver to the Agent, at any time and from time to time, any and all further agreements, documents and instruments, and take any and all further actions which may be required under applicable law, or which the Agent may from time to time reasonably request, in order to effectuate the transactions contemplated by this Agreement and the other Transaction Documents.

(o) Accountant. Borrower shall give each of the Banks prompt notice of any change of Borrower's independent certified public accountants and a copy of the Form 8-K relating thereto filed with the Securities and Exchange Commission. Borrower shall at all times utilize independent certified public accountants of nationally recognized standing reasonably acceptable to the Required Banks.

(p) Subsidiaries. Borrower shall not create any Subsidiaries without the prior written consent of Agent; provided that, the provisions of this Section 8.1(p) shall not require the Agent's consent for the formation of wholly-owned direct Subsidiaries of Borrower or any Subsidiary. Borrower covenants and agrees that in the event Borrower or any Subsidiary shall create or acquire any new Subsidiary or Subsidiaries at any time after the effective date hereof, that Borrower shall promptly cause each such Subsidiary to execute a Continuing Guarantee and a Security Agreement.

(q) Agreements. Neither Borrower nor any Subsidiary will default under any indenture, contract, agreement, lease or other instrument to which Borrower or any Subsidiary is a party or by which Borrower, any Subsidiary or any Property of Borrower or any Subsidiary is bound or affected, a default under which

could reasonably be expected to have a Material Adverse Effect.

8.2 Negative Covenants of Borrower. Borrower covenants and agrees that, so long as (i) any of the Banks has any obligation to make any Loan hereunder or to issue any Letter of Credit hereunder, (ii) any Letter of Credit remains outstanding or (iii) any of Borrower's Obligations remain unpaid, unless the prior written consent of the Required Banks is obtained:

(a) Limitation on Indebtedness. Borrower will not, and it will not cause or permit any of its Subsidiaries to, incur or be obligated on any Indebtedness, either directly or indirectly, by way of Guarantee, suretyship or otherwise, other than:

(i) the Borrower's Obligations to the Agent and the Banks;

(ii) the Swing Loans from Whitney;

(iii) Indebtedness existing as of the effective date hereof and listed on Schedule 7.10 attached hereto and Indebtedness relating to the employee benefit plans;

(iv) Indebtedness described in clause (a) or (b) of the defined term Restricted Investment of this Agreement;

(v) Indebtedness in respect of taxes, assessments, governmental charges or levies and claims for labor, materials and supplies to the extent that payment therefor shall not at the time be required to be made in accordance with the provisions of Section 8.1(d) or Section 8.1(e);

(vi) Indebtedness in respect of judgments or awards that have been in force for less than the applicable period for taking an appeal and for which adequate provision as determined in accordance with GAAP has been made so long as execution is not levied thereunder and in respect of which Borrower or any Subsidiary shall at the time in good faith be prosecuting an appeal or proceedings for review and a suspensive appeal bond in the full amount of such judgment or award shall have been obtained by Borrower or such Subsidiary with respect thereto;

(vii) current liabilities of Borrower or any Subsidiary of Borrower incurred in the ordinary course of business not incurred through (A) the borrowing of money, or (B) the obtaining of credit except for credit on an open account basis customarily extended and in fact extended in connection with normal purchases of goods and services;

(viii) endorsements for collection, deposits or negotiation and warranties of products or services, in each case incurred in the ordinary course of business;

(ix) Indebtedness in respect of performance, surety or appeal bonds obtained in the ordinary course of Borrower's or any Subsidiary's business and in connection with transactions in the ordinary course of Borrower's or any Subsidiary's business;

(x) Indebtedness under commodity price swaps, commodity price caps and commodity price collar and floor agreements, and similar agreements or arrangements designed to protect against or manage fluctuations in commodity prices with respect to any steel commodities bought and consumed in the ordinary course of business of Borrower and its Subsidiaries in amounts and on terms consistent with industry standard practices for hedging such future commodities requirements of Borrower and its Subsidiaries;

(xi) Indebtedness for any permitted declared and unpaid Distributions on Borrower's stock; and

(xii) Indebtedness not otherwise permitted by this Section 8.2(a) in an amount not to exceed \$1,000,000.00 in the aggregate at any one time outstanding for Borrower and all Subsidiaries relating to Liens permitted under subparagraph (f) of the definition of Permitted Liens.

(b) Consolidation, Merger, Sale of Assets, Dissolution, Etc. Borrower will not, and will not cause or permit any of its Subsidiaries to, (i) directly or indirectly, merge into or with or consolidate with any other Person or permit any other Person to merge into or with or consolidate with it provided that

Borrower may cause two or more wholly owned Subsidiaries to merge or consolidate into Borrower, one another, or any other wholly owned Subsidiary, or (ii) sell, assign, lease, transfer, abandon or otherwise dispose of any of its Property (including, without limitation, any shares of capital stock of a Subsidiary owned by Borrower or another Subsidiary), except for (A) sales of inventory in the ordinary course of business, (B) sales in the ordinary course of business of those items excluded from the definition of Restricted Investments, (C) sales of fixed assets of Borrower or any Subsidiary having a book value in an aggregate amount not to exceed ten percent (10%) of the book value of the total assets of Borrower or such Subsidiary, as applicable, as of the end of the fiscal quarter immediately preceding any such sale, so long as such asset sales shall be sold to third party buyers in arms-length transactions on reasonable terms and so long as the net proceeds thereof are used solely to purchase other fixed assets which are either replacements for those assets sold or are otherwise consistent with the Company Business within a reasonable time or to pay any principal due on the Loans, or (D) other sales of fixed assets having a book value not to exceed \$3,500,000.00 in the aggregate in any fiscal year.

(c) Sale and Leaseback Transactions. Borrower will not, and it will not cause or permit any of its Subsidiaries to, enter into any arrangement, directly or indirectly, whereby Borrower or any Subsidiary of Borrower shall in one or more related transactions sell, transfer or otherwise dispose of any Property owned by Borrower or any Subsidiary of Borrower and then rent or lease, as lessee, such Property or any part thereof for a period or periods which in the aggregate would exceed twelve (12) months from the date of commencement of the lease term.

(d) Sale or Discount of Accounts. Borrower will not, and it will not cause or permit any of its Subsidiaries to, sell or discount any of its receivables (whether represented by a note, account, general intangible or chattel paper) other than in the ordinary course of its business.

(e) Transactions with Affiliates. Borrower will not, and it will not cause or permit any of its Subsidiaries to, enter into or be a party to any transaction or arrangement with any Affiliate (including, without limitation, the purchase from, sale to or exchange of Property with, or the rendering of any service by or for, any Affiliate), except in the ordinary course of business and pursuant to the reasonable requirements of Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person not an Affiliate.

(f) Changes in Nature of Business. Borrower will not, and it will not cause or permit any of its Subsidiaries to, engage in any business if, as a result, the general nature of the business which would then be engaged in by Borrower and its Subsidiaries, considered as a whole, would be substantially changed from the Company Business.

(g) Fiscal Year. Borrower will not, and it will not cause or permit any of its Subsidiaries to, change its fiscal year; provided that, the fiscal year of any Subsidiary may be changed to coincide with the fiscal year of Borrower.

(h) Distributions. Borrower will not, and it will not cause or permit any of its Subsidiaries to, declare or incur any liability to make any Distribution, except Distributions by any Subsidiary to Borrower.

(i) Pension Plans. Borrower will not, and it will not cause or permit any of its Subsidiaries to, (a) permit any condition to exist in connection with any Pension Plan which might constitute grounds for the PBGC to institute proceedings to have such Pension Plan terminated or a trustee appointed to administer such Pension Plan or (b) engage in, or permit to exist or occur, any other condition, event or transaction with respect to any Pension Plan which could result in the incurrence by Borrower, any Subsidiary or any ERISA Affiliate of any liability, fine or penalty which could reasonably be expected to have a Material Adverse Effect.

(j) Restricted Investments. Borrower will not, and it will not cause or permit any of its Subsidiaries to, directly or indirectly, make any Restricted Investments.

(k) Ownership of Subsidiaries. Borrower will not cause or permit any of its Subsidiaries to (i) authorize or issue any new types, varieties or classes of capital stock or any bonds or debentures, subordinated or otherwise, or any stock warrants or options, (ii) authorize or issue any additional shares of any existing class of capital stock, (iii) declare any stock dividends or stock splits or (iv) take any other action which could, directly or indirectly, decrease Borrower's ownership interest in any of its Subsidiaries.

(l) Capital Expenditures. Borrower and its Subsidiaries will not incur Capital Expenditures in excess of (i) \$20,000,000.00 in the aggregate for Borrower and its Subsidiaries taken as a whole for the fiscal year ending December 31, 1997, (ii) \$20,000,000.00 in the aggregate for Borrower and its Subsidiaries taken as a whole for the fiscal year ending December 31, 1998 or (iii) \$15,000,000.00 in the aggregate for Borrower and its Subsidiaries taken as a whole for the fiscal year ending December 31, 1999.

(m) Change in Control. Borrower shall not allow any Change in Control to occur.

(n) Change in Management. Borrower will not terminate or make any substantial change in the duties of Terence E. Hall without the approval of the Required Banks.

(o) Operating Lease Obligations. Borrower and its Subsidiaries shall not at any one time have Operating Lease Obligations in excess of \$1,500,000.00 in the aggregate for Borrower and its Subsidiaries taken as a whole.

8.3 Use of Proceeds. Borrower covenants and agrees that (i) the proceeds of the Revolving Credit Loans and Swing Loans will be used solely for working capital purposes, Permitted Acquisitions, any specific purposes permitted under this Agreement, and other general corporate purposes of Borrower; (ii) no part of the proceeds of any Loan will be used in violation of any applicable law or regulation; and (iii) no part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately (A) to purchase or carry margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock, or to refund or repay indebtedness originally incurred for such purpose or (B) for any purpose which entails a violation of, or which is inconsistent with, the provisions of any of the Regulations of The Board of Governors of the Federal Reserve System, including, without limitation, Regulations G, U, T or X thereof, as amended.

SECTION 9. EVENTS OF DEFAULT.

If any of the following (each of the following herein sometimes called an "Event of Default") shall occur and be continuing:

9.1 Borrower shall fail to pay any of Borrower's Obligations other than principal or interest within five (5) Business Days after the date the same shall first become due and payable, whether by reason of demand, maturity, acceleration or otherwise;

9.2 (a) Borrower shall fail to pay any of Borrower's Obligations for the repayment of interest three (3) Business Days after the date the same shall become due and payable, whether by reason of demand, maturity, acceleration or otherwise;

(b) Borrower shall fail to pay any of Borrower's Obligations for the repayment of principal as and when the same shall become due and payable, whether by reason of demand, maturity, acceleration or otherwise;

9.3 Any representation or warranty of Borrower or any Subsidiary made in this Agreement, in any other Transaction Document to which Borrower or any Subsidiary is a party or in any certificate, agreement, instrument or statement furnished or made or delivered pursuant hereto or thereto or in connection herewith or therewith, shall prove to have been untrue or incorrect in any material respect when made or effected;

9.4 Borrower shall fail to perform or observe any term,

covenant or provision contained in Section 8.1(l), Section 8.1(m), Section 8.2 or Section 8.3 and any such failure shall remain unremedied for ten (10) Business Days after the earlier of (i) notice of such default is given to Borrower by the Agent or (ii) a Responsible Officer of Borrower obtaining knowledge of such default;

9.5 Borrower shall fail to perform or observe any term, covenant or provision contained in Section 8.1(a) and any such failure shall remain unremedied for ten (10) Business Days after the earlier of (i) notice of such default is given to Borrower by the Agent or (ii) a Responsible Officer of Borrower obtaining knowledge of such default;

9.6 Borrower shall fail to perform or observe any other term, covenant or provision contained in this Agreement (other than those specified in Sections 9.1, 9.2, 9.3, 9.4 or 9.5 above or elsewhere in this Section 9) and any such failure shall remain unremedied for thirty (30) days after the earlier of (i) written notice of default is given to Borrower by the Agent or any of the Banks or (ii) a Responsible Officer of Borrower obtaining knowledge of such default;

9.7 This Agreement or any of the other Transaction Documents shall at any time for any reason cease to be in full force and effect or shall be declared to be null and void by a court of competent jurisdiction, or if the validity or enforceability thereof shall be contested or denied by Borrower or any Subsidiary, or if the transactions completed hereunder or thereunder shall be contested by Borrower or any Subsidiary or if Borrower or any Subsidiary shall deny that it has any or further liability or obligation hereunder or thereunder.

9.8 Borrower, any Subsidiary or any other Obligor shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code or any other federal, state or foreign bankruptcy, insolvency, receivership, liquidation or similar law, (ii) consent to the institution of, or fail to contravene in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official of itself, himself or herself or of a substantial part of its Property or assets, (iv) file an answer admitting the material allegations of a petition filed against itself in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any corporate or other action for the purpose of effecting any of the foregoing;

9.9 An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Borrower, any Subsidiary or any other Obligor, or of a substantial part of the Property or assets of Borrower, any Subsidiary or any other Obligor, under Title 11 of the United States Code or any other federal, state or foreign bankruptcy, insolvency, receivership, liquidation or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official of Borrower, any Subsidiary or any other Obligor or of a substantial part of the Property or assets of Borrower, any Subsidiary or any other Obligor or (iii) the winding-up or liquidation of Borrower, any Subsidiary or any other Obligor; and such proceeding or petition shall continue undismissed for sixty (60) consecutive days or an order or decree approving or ordering any of the foregoing shall be entered;

9.10 Any of the Letter of Credit Applications shall be declared to be null and void by a court of competent jurisdiction, or if the validity or enforceability of any of the Letter of Credit Applications shall be contested or denied by Borrower or any Subsidiary, or if Borrower or any Subsidiary shall deny that it has any further liability or obligation under any of the Letter of Credit Applications or if Borrower or any Subsidiary shall fail to comply with or observe any of the terms, provisions or conditions contained in any of the Letter of Credit Applications;

9.11 Borrower, any Subsidiary or any other Obligor shall be declared by any of the Banks to be in default on, or pursuant to the terms of, (1) any other present or future obligation to such

Bank(s), including, without limitation, any other loan, line of credit, revolving credit, guaranty or letter of credit reimbursement obligation, or (2) any other present or future agreement purporting to convey to such Bank(s) a Lien upon any Property or assets of Borrower, such Subsidiary, or such other Obligor, as the case may be;

9.12 The occurrence of any default or event of default under or within the meaning of any agreement, document or instrument evidencing, securing, guaranteeing the payment of or otherwise relating to any Indebtedness of Borrower or any Subsidiary for borrowed money (other than the Borrower's Obligations) having an aggregate outstanding principal balance in excess of One Million Dollars (\$1,000,000.00);

9.13 One or more judgments, decrees, arbitration awards or rulings shall be entered against the Borrower or any Subsidiary involving in the aggregate a liability (not paid or fully covered by insurance) of \$1,000,000.00 or more and all such judgments, decrees, awards, and rulings shall not have been vacated, paid, discharged, stayed or suspensively appealed within thirty days from the entry thereof; or

9.14 Any of the following events shall occur with respect to any Pension Plan (a) the institution by Borrower, any ERISA Affiliate or any Subsidiary of steps to terminate any Pension Plan if, as a result of such termination, Borrower, such ERISA Affiliate or such Subsidiary, as the case may be, could be required to make a contribution to such Pension Plan, or could incur a liability or obligation to such Pension Plan or any of its participants or beneficiaries, in the aggregate in excess of One Million Dollars (\$1,000,000.00), (b) the institution by the PBGC of steps to terminate any Pension Plan, or (c) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302 (f) of ERISA;

THEN, and in each such event (other than an event described in Sections 9.1, 9.2, 9.8 or 9.9), the Agent shall, if requested in writing by the Required Banks, and may, in its sole and absolute discretion, upon the oral request of the Required Banks, declare that the obligation of the Banks to make Loans under this Agreement and to issue Letters of Credit under this Agreement have terminated, whereupon such obligations of the Banks shall be immediately and forthwith terminated, and the Agent shall, if requested in writing by the Required Banks, and may, in its sole and absolute discretion, upon the oral request of the Required Banks, declare the entire outstanding principal balance of and all accrued and unpaid interest on the Notes and all of the other Loans under this Agreement and all of the other Borrower's Obligations to be forthwith due and payable, whereupon all of the unpaid principal balance of and all accrued and unpaid interest on the Notes and all of the other Loans under this Agreement and all such other Borrower's Obligations shall become and be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower, and the Agent and each of the Banks may exercise any and all other rights and remedies which they may have under any of the other Transaction Documents or under applicable law; provided, however, that upon the occurrence of any event described in Sections 9.1, 9.2, 9.8 or 9.9, the obligation of the Banks to make Loans under this Agreement and to issue Letters of Credit under this Agreement shall automatically terminate and the entire outstanding principal balance of and all accrued and unpaid interest on the Notes and all of the other Loans under this Agreement and all of the other Borrower's Obligations shall automatically become immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower, and the Agent and each of the Banks may exercise any and all other rights and remedies which they may have under any of the other Transaction Documents or under applicable law.

SECTION 10. AGENT.

10.1 Appointment. Whitney is hereby appointed by the Banks as Agent under this Agreement, the Notes and the other Transaction Documents. The Agent agrees to act as such upon the express conditions contained in this Agreement.

10.2 Powers. The Agent shall have and may exercise such powers hereunder as are specifically delegated to the Agent by

the terms of this Agreement and the other Transaction Documents, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Banks, nor any obligation to the Banks to take any action under this Agreement or any of the other Transaction Documents, except any action specifically provided by this Agreement or any of the other Transaction Documents to be taken by the Agent. Without limiting the generality of the foregoing, the Agent shall not be required to take any action with respect to any Default or Event of Default, except as expressly provided in Section 9.

10.3 General Immunity. Neither the Agent nor any of its directors, officers, employees, agents or advisors shall be liable to any of the Banks for any action taken or not taken by it (i) with the consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct.

10.4 No Responsibility for Loans, Recitals, Etc. Neither the Agent nor any of its directors, officers, employees, agents or advisors shall (i) be responsible for or have any duty to ascertain, inquire into or verify any recitals, reports, statements, representations, warranties or representations contained in this Agreement or any of the other Transaction Documents or furnished pursuant hereto or thereto; (ii) be responsible for any Loans or Letters of Credit hereunder (except in Agent's capacity as a Bank hereunder with respect to its Pro Rata Share thereof pursuant to the terms of this Agreement), (iii) be bound to ascertain or inquire as to the performance or observance of any of the terms of this Agreement or any of the other Transaction Documents; (iv) be responsible for the satisfaction of any condition specified in Section 6, except receipt of items required to be delivered to the Agent; or (v) be responsible for the validity, effectiveness, genuineness or enforceability of this Agreement or any of the other Transaction Documents; or (vi) be responsible for the creation, attachment or perfection of any security interests or liens purported to be granted to the Agent or any of the Banks pursuant to this Agreement or any of the other Transaction Documents. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement or other writing (which may be a bank wire, telex, telecopy or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

10.5 Right to Indemnity. Notwithstanding any other provision contained in this Agreement to the contrary, to the extent Borrower fails to reimburse the Agent pursuant to Section 11.3, Section 11.4 or Section 11.5, or if any Default or Event of Default shall occur under this Agreement, the Banks shall ratably in accordance with their respective Pro Rata Shares of the aggregate amount of Loans and Letters of Credit then outstanding, or if no Loans or Letters of Credit are then outstanding, their respective Pro Rata Shares of the total Commitments of all of the Banks, indemnify the Agent and hold it harmless from and against any and all liabilities, losses (except losses occasioned solely by failure of Borrower to make any payments or to perform any obligations required by this Agreement (other than those described in Sections 11.3, 11.4 and 11.5), the Notes, the Letter of Credit Applications or any of the other Transaction Documents), costs and/or expenses, including, without limitation, any liabilities, losses, costs and/or expenses arising from the failure of any Bank to perform its obligations hereunder or in respect of this Agreement and also including, without limitation, reasonable attorneys' fees and expenses, which the Agent may incur, directly or indirectly, in connection with this Agreement, the Notes or any of the other Transaction Documents, or any action or transaction related hereto or thereto; provided only that the Agent shall not be entitled to such indemnification for any losses, liabilities, costs and/or expenses directly and solely resulting from its own gross negligence or willful misconduct. This indemnity shall be a continuing indemnity, contemplates all liabilities, losses, costs and expenses related to the execution, delivery and performance of this Agreement, the Notes and the other Transaction Documents, and shall survive the satisfaction and payment of the Loans, the expiration or other termination of the Letters of Credit and the termination of this Agreement.

10.6 Action Upon Instructions of Required Banks. The Agent agrees, upon the written request of the Required Banks, to take

any action of the type specified in this Agreement or any of the other Transaction documents as being within the Agent's rights, duties, powers or discretion. Notwithstanding the foregoing, the Agent shall be fully justified in failing or refusing to take any action hereunder, unless it shall first be indemnified to its satisfaction by the Banks pro rata against any and all liabilities, losses, costs and expenses (including, without limitation, attorneys' fees and expenses) which may be incurred by it by reason of taking or continuing to take any such action, other than any liability which may arise out of Agent's gross negligence or willful misconduct. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with written instructions signed by the Required Banks, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Banks and on all holders of the Notes. In the absence of a request by the Required Banks, the Agent shall have authority, in its sole discretion, to take or not to take any action, unless this Agreement or any of the other Transaction Documents specifically requires the consent of the Required Banks or of all of the Banks.

10.7 Reliance on Documents; Employment of Agents and Counsel. The Agent shall be entitled to rely upon any note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. The Agent may execute any of its duties as Agent hereunder by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Banks for the default or misconduct of any such agents or attorneys-in-fact selected by it in good faith and with reasonable care, except as to money or securities received by it or its authorized agents. The Agent shall be entitled to advice and opinion of legal counsel concerning all legal matters and all matters pertaining to the duties of the Agent.

10.8 May Treat Payee as Owner. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Agent pursuant to Section 11.14. Any request, authority or consent of any person, firm or corporation who at the time of making such request or giving such authority or consent is the holder of any such Note shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note issued in exchange therefor.

10.9 Agent's Reimbursement. Each Bank agrees to reimburse the Agent pro rata in accordance with its Pro Rata Share for any out-of-pocket expenses not reimbursed by Borrower (a) for which the Agent is entitled to reimbursement by the Borrower under this Agreement or any of the other Transaction Documents and (b) for any other out-of-pocket expenses incurred by the Agent on behalf of the Banks, in connection with the preparation, execution, delivery, amendment, modification, extension, renewal, administration and/or enforcement of this Agreement and/or any of the other Transaction Documents.

10.10 Rights as a Bank. With respect to its commitment, the Loans made by it and the Notes issued to it, the Agent shall have the same rights and powers hereunder as any Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent may accept deposits from, lend money to and generally engage in any kind of banking or trust business with the Borrower as if it were not the Agent.

10.11 Independent Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank and based on the financial statements referred to in Section 7.4 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Transaction Documents. Each Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Transaction Documents.

10.12 Resignation of Agent. Subject to the appointment of a successor Agent, the Agent may resign as Agent for the Banks under this Agreement and the other Transaction Documents at any time by thirty (30) days notice in writing to the Banks. Such resignation shall take effect upon appointment of such successor Agent. The Required Banks shall have the right to appoint a successor Agent (and if no Default or Event of Default then exists hereunder, such appointment shall be with the consent of the Borrower, which consent shall not be unreasonably withheld), and the successor Agent shall be entitled to all of the rights of, and vested with the same powers as, the original Agent under this Agreement and the other Transaction Documents. Resignation by the Agent shall not affect or impair the rights of the Agent under Sections 10.5 and 10.9 hereof with respect to all matters preceding such resignation. Any successor Agent must be a Bank or a national banking association or a bank chartered in any State of the United States and having at least \$200,000,000.00 in capital and surplus.

10.13 Duration of Agency. The agency established by Section 10.1 hereof shall continue, and Sections 10.1 through and including this Section 10.13 shall remain in full force and effect, until all of the Borrowers' Obligations shall have been paid in full and the Banks' commitments to make Loans, issue Letters of Credit and/or extend credit to or for the benefit of the Borrower shall have terminated or expired.

SECTION 11. GENERAL.

11.1 No Waiver. No failure or delay by the Agent or any of the Banks in exercising any right, remedy, power or privilege hereunder or under any other Transaction Document shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The remedies provided herein and in the other Transaction Documents are cumulative and not exclusive of any remedies provided by law. Nothing herein contained shall in any way affect the right of any of the Banks to exercise any statutory or common law right of banker's lien or setoff.

11.2 Right of Setoff. Upon the occurrence and during the continuance of any Event of Default, each of the Banks is hereby authorized at any time and from time to time, without notice to Borrower (any such notice being expressly waived by Borrower) and to the fullest extent permitted by law, to setoff and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by such Bank(s) and any and all other indebtedness at any time owing by such Bank(s) to or for the credit or account of Borrower against any and all of Borrower's Obligations irrespective of whether or not such Bank(s) shall have made any demand hereunder or under any of the other Transaction Documents and although such obligations may be contingent or unmatured. Each of the Banks agrees to promptly notify Borrower after any such setoff and application made by such Bank(s), provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Banks under this Section 11.2 are in addition to any other rights and remedies (including, without limitation, other rights of setoff) which the Banks may have. Nothing contained in this Agreement or any other Transaction Document shall impair the right of any of the Banks to exercise any right of setoff or counterclaim it may have against Borrower and to apply the amount subject to such exercise to the payment of indebtedness of Borrower unrelated to this Agreement or the other Transaction Documents.

11.3 Cost and Expenses. Borrower agrees, whether or not any Loan is made hereunder or any Letter of Credit is issued hereunder, to pay the Agent upon demand (i) all out-of-pocket costs and expenses and all reasonable attorneys' fees of the Agent in connection with the preparation, documentation, negotiation, execution, amendment, modification, extension and/or renewal of this Agreement, the Notes, the Letter of Credit Application(s) and the other Transaction Documents, (ii) all out-of-pocket costs and expenses and all reasonable attorneys' fees of the Agent in connection with the preparation of any waiver or consent hereunder or under any other Transaction Documents, (iii) if an Event of Default occurs, all out-of-pocket costs and expenses and all reasonable attorneys' fees incurred by

the Agent and each of the Banks in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom, (iv) all out-of-pocket costs and expenses and all reasonable attorneys' fees incurred by the Agent and each of the Banks in connection with the enforcement of any rights and/or remedies of the Agent or any of the Banks to collect any of the Borrower's Obligations, and (v) all other reasonable attorneys' fees and out-of-pocket costs and expenses incurred by the Agent relating to or arising out of or in connection with this Agreement or any of the other Transaction Documents. Borrower further agrees to pay or reimburse the Agent and each of the Banks for any stamp or other taxes which may be payable with respect to the execution, delivery, recording and/or filing of this Agreement, the Notes, the Letter of Credit Application(s) or any of the other Transaction Documents. All of the obligations of Borrower under this Section 11.3 shall survive the satisfaction and payment of Borrower's Obligations and the termination of this Agreement.

11.4 Environmental Indemnity. Borrower hereby agrees to indemnify the Agent and each of the Banks and hold the Agent and each of the Banks and any holder(s) of the Notes, and the officers, directors, employees, agents and affiliates of the Agent, each of the Banks and such holder(s) (collectively, the "Indemnitees") harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever (including, without limitation, reasonable court costs and attorneys' fees and expenses) which at any time or from time to time may be paid, incurred or suffered by the Indemnitees, with respect to or as a direct or indirect result of the violation by Borrower or any Subsidiary of any Environmental Laws; or with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or Release from, properties owned or operated by Borrower and/or any Subsidiary of any Hazardous Substances or any other hazardous or toxic waste, substance or constituent or other substance (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Environmental Laws); and the provisions of and undertakings and indemnification set out in this Section 11.4 shall survive the satisfaction and payment of Borrower's Obligations and the termination of this Agreement; provided that Borrower shall have no obligation to an Indemnitee hereunder with respect to indemnified liabilities arising from the gross negligence or willful misconduct of that Indemnitee.

11.5 General Indemnity. In addition to the payment of expenses pursuant to Section 11.3, whether or not the transactions contemplated hereby shall be consummated, Borrower hereby agrees to indemnify, pay and hold Indemnitees harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees shall be designated a party thereto), that may be imposed on, incurred by or asserted against the Indemnitees, in any manner relating to or arising out of this Agreement, any of the other Transaction Documents or any other agreement, document or instrument executed and delivered by Borrower or any other Obligor in connection herewith or therewith, the statements contained in any commitment letters delivered by the Agent or any of the Banks, the agreement of any of the Banks to make the Loans hereunder, the agreement of Banks to issue the Letters of Credit hereunder or the use or intended use of the proceeds of any Loan hereunder (collectively, the "Indemnified Liabilities"); provided that Borrower shall have no obligation to an Indemnitee hereunder with respect to indemnified liabilities arising from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Borrower shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 11.5 shall survive satisfaction and payment of Borrower's Obligations and the termination of this Agreement. No

provision contained in this Section 11.5 shall affect any rights the Borrower may have against any Bank which defaults under this Agreement or is intended to indemnify any such Agent or Bank which defaults under this Agreement (but only such Agent or Bank that defaults under this Agreement) for any such Indemnified Liabilities arising from such defaulting Bank's action.

11.6 Authority to Act. The Agent shall be entitled to act on any notices and instructions (telephonic or written) believed by the Agent in good faith to have been sent or delivered by any person identifying himself or herself as Terence E. Hall or Robert S. Taylor (or any other person from time to time authorized to act on behalf of Borrower pursuant to a resolution adopted by the Board of Directors of Borrower and certified by the Secretary of Borrower and delivered to the Agent), regardless of whether such notice or instruction was in fact delivered by such person, and Borrower hereby agrees to indemnify the Agent and hold the Agent harmless from and against any and all losses and expenses, if any, ensuing from any such action.

11.7 Notices. Any notice, request, demand, consent, confirmation or other communication hereunder shall be in writing and delivered in person or sent by telecopy or registered or certified mail, return receipt requested and postage prepaid, to the applicable party at its address or telecopy number set forth on the signature pages hereof, or at such other address or telecopy number as any party hereto may designate as its address for communications hereunder by notice so given. Such notices shall be deemed effective on the day on which delivered or sent if delivered in person or sent by telecopy, or on the third (3rd) Business Day after the day on which mailed, if sent by registered or certified mail; provided, however, that notices to the Agent under Section 3 shall not be effective until actually received by the Agent.

11.8 CONSENT TO JURISDICTION, WAIVER OF JURY TRIAL. BORROWER IRREVOCABLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF ANY LOUISIANA STATE COURT OR ANY UNITED STATES OF AMERICA COURT SITTING IN THE EASTERN DISTRICT OF LOUISIANA, AS THE AGENT MAY ELECT, IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS. BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT TO SUCH SUIT, ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY OF SUCH COURTS. BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH BORROWER MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT, AND BORROWER FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. BORROWER AUTHORIZES THE SERVICE OF PROCESS UPON BORROWER BY REGISTERED MAIL SENT TO BORROWER AT ITS ADDRESS SET FORTH IN SECTION 11.7. BORROWER, THE AGENT AND THE BANKS IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION IN WHICH BORROWER AND THE AGENT AND/OR ANY OF THE BANKS ARE PARTIES RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS.

11.9 Sharing of Payments. The Banks agree among themselves that except as otherwise expressly set forth herein, in the event that any of the Banks shall directly or indirectly obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff, banker's lien or counterclaim, through the realization, collection, sale or liquidation of any collateral or otherwise) on account of or in respect of any of the Loans or other Borrower's Obligations in excess of its Pro Rata Share of all such payments, such Bank(s) shall immediately purchase from the other Bank(s) participations in the Loans or other Borrower's Obligations owed to such other Bank(s) in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that the Banks share such payment ratably in accordance with their respective Pro Rata Shares of the outstanding Loans and other Borrower's Obligations. The Banks further agree among themselves that if any such excess payment to a Bank shall be rescinded or must otherwise be restored, the other Bank(s) which shall have shared the benefit of such payment shall, by repurchase of participation theretofore sold, or otherwise, return its share of that benefit to the Bank whose payment shall have been rescinded or otherwise restored. Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in any of the Borrower's Obligations, whether or not acquired pursuant

to the foregoing arrangements, may exercise rights of setoff, banker's lien or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law any of the Banks receives a secured claim in lieu of a setoff to which this Section 11.9 would apply, such Bank(s) shall, to the extent practicable, exercise their rights in respect of such secured claim in a manner consistent with the rights of the Bank(s) entitled under this Section 11.9 to share in the benefits of any recovery of such secured claim.

11.10 Governing Law. This Agreement, the Notes, the Letter of Credit Application(s) and all of the other Transaction Documents shall be governed by and construed in accordance with the internal laws of the State of Louisiana.

11.11 Amendments and Waivers. Any provision of this Agreement, the Notes, the Letter of Credit Application(s) or any of the other Transaction Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by Borrower and the Required Banks (and, if the rights or duties of the Agent in its capacity as Agent are affected thereby, by the Agent); provided that no such amendment or waiver shall, unless signed by all of the Banks, (i) increase the Commitment of any Bank, (ii) reduce the principal amount of or rate of interest on any Loan or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on any Loan or any fees hereunder, (iv) change the Pro Rata Share of the Commitments or of the aggregate principal amount of Loans or Letters of Credit of any Bank, (v) release any collateral, or (vi) change the number of Banks which shall be required for the Banks or any of them to take any action or obligations under this Section or under any other provision of this Agreement.

11.12 References: Headings for Convenience. Unless otherwise specified herein, all references herein to Section numbers refer to Section numbers of this Agreement, all references herein to Exhibits A, B, C, D, E, F, G, H(1) and H(2) refer to annexed Exhibits A, B, C, D, E, F, G, H(1) and H(2) which are hereby incorporated herein by reference and all references herein to Schedules 2, 4.1(a), 7.8, 7.10, 7.11 and 7.16 refer to annexed Schedules 2, 4.1(a), 7.8, 7.10, 7.11 and 7.16 which are hereby incorporated herein by reference. The Section headings are furnished for the convenience of the parties and are not to be considered in the construction or interpretation of this Agreement.

11.13 Successors and Assigns, Participations.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that Borrower may not assign or otherwise transfer any of its rights or delegate any of its obligations under this Agreement. Any Bank may sell participations in its Notes and its rights under this Agreement in whole or in part to any commercial bank organized under the laws of the United States or any state thereof that is a member of both the Federal Deposit Insurance Corporation and the Federal Reserve System without the consent of Borrower or the Agent so long as each agreement pursuant to which any such participation is granted provides that no such participant shall have any rights under this Agreement or any other Transaction Document (the participants' rights against the Bank granting its participation to be those set forth in the Participation Agreement between the participant and such Bank), and such selling Bank shall retain the sole right to approve or disapprove any amendment, modification or waiver of any provision of this Agreement or any of the other Transaction Documents other than any amendment, modification or waiver (i) reducing the principal amount of or rate of interest on any Loan or any fees hereunder, (ii) postponing the date fixed for any payment of principal of or interest on any Loan or any fees hereunder, or (iii) releasing any substantial portion of any collateral. Each such participant shall be entitled to the benefits of the yield protection provisions hereof to the extent such Bank would have been so entitled had no such participation been sold.

(b) Any Bank which, in accordance with Section 11.13(a), grants a participation in any of its rights under this Agreement or its Notes shall give prompt notice thereof to the Agent and

Borrower.

(c) Unless otherwise agreed to by Borrower in writing, no Bank shall, as between Borrower and that Bank, be relieved of any of its obligations under this Agreement as a result of such Bank's granting of a participation in all or any part of such Bank's Notes or all or any part of such Bank's rights under this Agreement.

11.14 Assignment Agreements. Each Bank may, from time to time, with the consent of the Borrower and Agent (which will not in any instance be unreasonably withheld), sell or assign a pro rata part of all of the indebtedness evidenced by the Notes then owed by it together with an equivalent proportion of its obligation to make Loans hereunder and the credit risk incidental to the Letters of Credit pursuant to an Assignment Agreement substantially in the form of Exhibit G attached hereto, executed by the assignor, the assignee and the Borrower, which agreements shall specify in each instance the portion of the indebtedness evidenced by the Notes which is to be assigned to each such assignee and the portion of the Commitments of the assignor and the credit risk incidental to the Letters of Credit (which portions shall be equivalent) to be assumed by it (the "Assignment Agreements"), provided that (i) the Borrower may in its sole discretion withhold its consent to any assignment by a Bank of less than all of its Commitments if as a result thereof the assignor will have Commitments hereunder of less than one half of its assigned Commitments or the assignee will have Commitments hereunder of less than \$5,000,000.00, further provided that nothing herein contained shall restrict, or be deemed to require any consent as a condition to, or require payment of any fee in connection with, any sale, discount or pledge by any Bank of any Note or other obligation hereunder to a Federal reserve bank and (ii) the consent of the Borrower shall not be required for assignments or sales to a Bank or any affiliate of a Bank. Upon the execution of each Assignment Agreement by the assignor, the assignee and the Borrower and consent thereto by the Agent (i) such assignee shall thereupon become a "Bank" for all purposes of this Agreement with a Commitment in the amount set forth in such Assignment Agreement and with all the rights, powers and obligations afforded a Bank hereunder, (ii) the assignor shall have no further liability for funding the portion of its Commitments assumed by such other Bank and (iii) the address for notices to such Bank shall be as specified in the Assignment Agreement, and the Borrower shall execute and deliver Notes to the assignee Bank in the amount of its Commitments and new Notes to the assignor Bank in the amount of its Commitments after giving effect to the reduction occasioned by such assignment, all such Notes to constitute "Notes" for all purposes of this Agreement, and there shall be paid to the Agent, as a condition to such assignment, an administration fee of \$2,500 plus any out-of-pocket costs and expenses incurred by it in effecting such assignment, such fee to be paid by the assignor or the assignee as they may mutually agree, but under no circumstances shall any portion of such fee be payable by or charged to the Borrower.

11.15 Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that Borrower may not assign or delegate any of its rights or obligations under this Agreement.

11.16 NO ORAL AGREEMENTS, ENTIRE AGREEMENT. ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT, ARE NOT ENFORCEABLE. TO PROTECT BORROWER, THE AGENT AND THE BANKS FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENT REACHED BY BORROWER, THE AGENT AND THE BANKS COVERING SUCH MATTERS ARE CONTAINED IN THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS, WHICH AGREEMENT AND OTHER TRANSACTION DOCUMENTS ARE A COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT AMONG BORROWER, THE AGENT AND THE BANKS, EXCEPT AS BORROWER, THE AGENT AND THE BANKS MAY LATER AGREE IN WRITING TO MODIFY THEM. THIS AGREEMENT EMBODIES THE ENTIRE AGREEMENT AND UNDERSTANDING BETWEEN THE PARTIES HERETO AND SUPERSEDES ALL PRIOR AGREEMENTS AND UNDERSTANDINGS (ORAL OR WRITTEN) RELATING TO THE SUBJECT MATTER HEREOF. Without limiting the generality of the foregoing, this Agreement supersedes and replaces that certain Amended and Restated Revolving Credit Agreement, effective November 5, 1997, among Borrower and Whitney, as amended.

11.17 Severability. In the event any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

11.18 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.19 Resurrection of Borrower's Obligations. To the extent that any of the Banks receives any payment on account of any of Borrower's Obligations, and any such payment(s) or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, subordinated and/or required to be repaid to a trustee, receiver or any other Person under any bankruptcy act, state or federal law, common law or equitable cause, then, to the extent of such payment(s) received, Borrower's Obligations or part thereof intended to be satisfied and any and all Liens upon or pertaining to any Property or assets of Borrower and theretofore created and/or existing in favor of such Bank(s) as security for the payment of such Borrower's Obligations shall be revived and continue in full force and effect, as if such payment(s) had not been received by such Bank(s) and applied on account of Borrower's Obligations.

11.20 Independence of Covenants. All of the covenants contained in this Agreement and the other Transaction Documents shall be given independent effect so that if a particular action, event or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the provisions of, another covenant shall not avoid the occurrence of a Default or Event of Default if such action is taken, such event occurs or such condition exists.

11.21 Confidentiality. The Agent and each of the Banks shall keep confidential any information delivered, made available or otherwise conveyed by the Borrower or any of its Subsidiaries in connection with this Agreement and the transactions contemplated hereby; provided that, the provisions of this Section 11.21 shall not be construed to prohibit Agent or any Bank from disclosing any information to (i) Agent or any Bank (or any attorneys, agents or consultants of Agent or any Bank), (ii) any participant or assignee or prospective participant or assignee of any Bank (so long as such participant or assignee or prospective participant or assignee agrees to be bound by the provisions of this Section 11.21), (iii) any affiliate of Agent or any Bank or (iv) any Person as required by law, regulation or court order.

11.22. Conflicting Provisions. In the event any of the terms and provisions of this Agreement conflict with any terms and provisions contained in any other Transaction Document, the terms and provisions of this Agreement shall govern.

TO END OF PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, Borrower, the Agent and the Banks have executed this Amended and Restated Revolving Credit Agreement effective as of the 17th day of February, 1998.

SUPERIOR ENERGY SERVICES, INC.

BY: /s/ Terence E. Hall
ITS: President
1503 Engineers Road
Belle Chasse, LA 70037
Telecopy number: (601) 897-4888

Revolving Credit Commitment: WHITNEY NATIONAL BANK
\$25,000,000.00

BY: /s/ Hollie L. Ericksen
ITS: Vice President
228 St. Charles Avenue
New Orleans, LA 70130
Telecopy number: (504) 552-4622

Revolving Credit Commitment:
\$10,000,000.00

NATIONAL BANK OF CANADA

BY: /s/ Curt T. Queyrouze
ITS: Vice President and Manager
201 St. Charles Avenue
Suite 3203
New Orleans, LA 70170
Telecopy number: (504) 586-5220

Revolving Credit Commitment:
\$10,000,000.00

THE FROST NATIONAL BANK

BY: /s/ Howard Kasanoff
ITS: Assistant Vice President
100 West Houston
San Antonio, TX 78205
Telecopy number: (210) 220-4626

LEASE OF COMMERCIAL PROPERTY

1. PARTIES:

Richard Lazes (hereinafter call Lessor) hereby leases to Oil Stop, Inc. (hereinafter called Lessee) annexed hereto the following described premises:

2. PREMISES:

11,000 Square feet of warehouse space at 1208 Peters Road, Harvey, Louisiana 70058.

3. TERM:

This lease is for a term of one (1) year commencing on the 1st. day of January, 1998.

4. RENT:

This lease is made for and in consideration of a monthly rental of Two Thousand and no/100 (\$2,000.00) Dollars, payable monthly in advance, paid on the first day of each month.

5. USE OF PREMISES:

The premises herein leased are to be used for the purpose of providing industrial sales, supplies or services. Lessee is obligated not to use the premises for any purpose that is unlawful or that tends to injure or depreciate the property.

6. CONDITION AND MAINTENANCE:

Lessee hereby accepts all of the improvements on the leased premises in their condition at the time of commencement of this lease and Lessee agrees to keep them in the same order as received during the term of this lease. The care, maintenance and repairs of the leased premises including but not limited to the entire building (interior and exterior), its locks, keys, drains, roof, slab, plumbing (even when injured by freeze), plate glass, rail and switch systems, septic tanks, and field stream, and signs are assumed by Lessee. The Lessee agrees to pay all bills for utilities, including water, sprinkler service, electricity, gas and other service and to comply, at Lessee's expense, with all ordinances and laws, now existing or to be enacted, and at the termination of cancellation of this lease to return the premises broom clean and free from trash, and in like good order as received by actual delivery of the keys to Lessor or Agent, the usual decay, wear and tear excepted. The provisions of this paragraph shall also apply to thereof, which is accepted in its present condition.

7. INSURANCE:

Lessee hereby assumes all liability for personal injury and/or property damage arising on the premises and agrees to hold Lessor harmless from any and all claims, demands, damages, costs and causes of action for personal injury and/or property damages arising on the premises. Lessee shall maintain at least \$500,000 bodily injury and property damage liability insurance (C.S.L.), with Richard Lazes being included as an additional insured. Lessor shall be furnished with a certificate of insurance with a thirty (30) day notice of cancellation or material change coverage. Lessor in his sole judgment shall determine the insurable value of the building and improvements on the leased premises and Lessor shall maintain flood, fire, lightning and extended coverage insurance for said amount providing such insurance can be procured; and Lessee shall pay to Lessor, as additional rental, the actual amount of the yearly premium on said insurance provided however, that Lessee shall be obligated to put nothing on the leased premises which would forfeit the insurance, should the Lessee's occupation or business render the Lessor unable to secure proper insurance, should the Lessee's occupation or business render the Lessor unable to secure proper insurance, should the Lessee's occupation or business render the Lessor unable to secure proper insurance, then Lessee hereby grants to Lessor the option of canceling this lease, Lessee waiving all delays and agreeing to surrender

possession at once if notified by Lessor to do so. Lessee shall be further obligated to notify Lessor, in writing, anytime the leased premises will be unoccupied, so that necessary vacancy permits may be obtained from Lessor's insurers and failure to comply with this provision shall make Lessee liable for any loss or damage sustained by Lessor.

Nothing herein shall prevent Lessee from obtaining additional insurance for the benefit of Lessee upon improvements or contents on or in the leased premises.

If the improvements on the leased premises are lost or damaged by fire or other casualty and such loss or damages may be repaired or replaced within one hundred twenty (120) days from date of such fire or casualty, Lessor shall have the option to either repair or replace the improvements at its costs or to notify Lessee, in writing, within thirty (30) days from the date of such loss or damage that it will not undertake to repair or replace such loss or damage. Should Lessor refuse to make said repairs or replacements Lessee shall, at its option, have the right to cause such loss or damage to be repaired or replaced within one hundred twenty (120) days from date of loss or damage, at Lessee's expense; provided however, upon completion of said repair or replacement, Lessee shall certify to Lessor that all items of repair or replacement have been completed and the total cost hereof, and within ten (10) days of receipt of such certification, Lessor shall remit to Lessee either (a) the proceeds received by Lessor from the policy or policies of insurance covering said improvements or (b) the cost of such repair or replacement, whichever is less.

If neither Lessor nor Lessee undertakes such repair or replacement this lease shall terminate as of the date of said loss or damage.

Should either Lessor or Lessee undertake the repair or the replacement of improvements under this lease, such repair or replacement shall return the premises to as nearly like their condition prior to such damage as shall be practical unless the parties agree otherwise in writing.

If Lessor undertakes such repair or replacement, Lessee shall be entitled only to a reduction or remission of rent that shall be just and proportionate. If Lessee undertakes such repair or replacement, the Lessee shall be entitled only to a reduction or remission of rent that shall be just and proportionate but in no event to exceed the rental that would be due under this lease for a period on one hundred twenty (120) days.

8. TAXES:

For every year (or part of year) that this lease is in effect, Lessee agrees to pay as additional rental, all taxes on both the land and improvements lease herein and on any improvements placed upon the premises by either Lessee or Lessor during the life of this lease, including all ad valorem taxes and ad valorem assessments and, in addition, the installment amount including principle and interest, for each lease year of all assessments now existing or hereafter assessed against the lease land on an acreage, front footage, or other than ad valorem basis. All such additional rental shall be paid by Lessee to Lessor within thirty (30) days after notice from Lessor to Lessee that the taxes are due. It is distinctly understood and agreed that Lessor shall have the right to join with others in requesting improvements on or adjacent to the leased premises to be paid for on an assessment basis and the fact that Lessor so joins in such request shall not in any manner relieve Lessee of the obligations with respect to payment of the amount of all assessments hereafter assessed against the leased land on an acreage, front footage, or other than ad valorem basis.

9. PUBLIC TAKING:

Should any portion of the premises leased herein, either land or improvement, be taken or condemned by any public authority or other authorities, government or private, having the power to condemn or exercise the power of expropriation or eminent domain, for use as a street or highway, pipeline, by a utility, or otherwise, Lessee shall not be entitled to any diminution of rent or any damages from Lessor, but Lessee shall look solely to such public authority for any damage or inconvenience Lessee may suffer thereby. Provided that if the premises and improvements thereon be so altered or destroyed by such condemnation or taking as to render it totally unfit for the purpose

of Lessee as herein provided, then this lease shall terminate and both Lessee and Lessor shall be relieved of all further obligations hereunder.

10. NOTICE:

Any notices, demands or citations under this lease are to be in writing and addressed as follows:

To Lessor - Richard Lazes
804 First Avenue
Harvey, LA 70058-2631

11. SIGNS OR DECORATIONS:

Lessee is obligated not to display in, or above the leased premises any sign or decoration, the nature of which, in the judgment of Lessor is dangerous, unsightly or detrimental to the property. Lessee is prohibited from painting any signs on the lease property without the written consent of Lessor, and Lessee is obligated to promptly remove at or before the expiration of this lease, any and all signs painted or place in or upon any part of the leased premises, to Lessor's satisfaction and Lessee is obligated to pay the cost of said removal, plus agent's or attorney's fees, in event of failure to carry out this obligation.

Lessor also reserves the right to keep posted on the premises signs "For Sale" or "By Auction" at any time during the term of this lease and also cards "For Rent" during the one hundred twenty (120) days preceding the expiration of this lease; and Lessee must allow parties authorized by Lessor or agent to visit the premises in view of buying during the term of this lease and in view of renting for one hundred twenty (120) days prior to expiration, from 10 a.m. to 5 p.m.

12. RESPONSIBILITY FOR DAMAGES:

Lessee assumes responsibility for the condition of the premises and Lessor will not be responsible for damage caused by defects in the sprinkler system, by leaks in the roof, by bursting of pipes by freezing or otherwise, or by any vices or defects of the leased property, or the consequences thereof, except in the case of positive neglect or failure to take action toward the remedying of such defects as are required by the lease to be remedied by Lessor within reasonable time after having received written notice from Lessee of such defects and the damage caused thereby. Should Lessee fail to promptly so notify Lessor, in writing, of any such defects, Lessee will become responsible for any damage resulting to Lessor or other parties.

13. VACATING PREMISES:

In the event of the Lessee being absent from the premises, Lessor or his agent shall be notified in writing where keys may be had in order that the premises may be shown to prospective tenants or purchasers. In case of the failure of the Lessee to comply with the foregoing conditions, or should Lessee not permit the posting of signs or allow prospective tenants or purchasers to inspect the property, as provided herein, Lessor has the option to consider this lease renewed for one year under the same terms and conditions, or may hold Lessee responsible for damages, and Lessor or agent has the further option to enter the premises by any means, without responsibility to Lessee for any loss or damage resulting there from.

Should the premises be vacated or abandoned by Lessee because of ejectment for breach hereof, or otherwise, or should the Lessee begin to remove personal property or goods to the prejudice of the Lessor's lien, then the rent for the unexpired term with Attorney's fees, shall at once become due and eligible, and Lessor, at his option, has the right to cancel the lease, or re-enter and let said premises for such price and on such terms as may be immediately obtainable and apply the net amount realized to the payment of the rent.

14. SURRENDER OF PREMISES:

At the expiration of this lease, or its termination for other causes, Lessee is obligated to immediately surrender possession, and should Lessee fail to do so, he consents to pay any and all damages, but in no case less than five (5) times the rent per day, with attorney's fees, costs, etc. Lessee also expressly waives any notice to vacate the expiration or termination of these lease and all legal delays, and hereby confesses judgment with costs placing Lessor in

possession to be executed at once. Should Lessor allow or permit Lessee to remain in the leased premises after the expiration or termination of this lease, this shall not be construed as a reconduction of this lease, the lease shall continue in effect but on a month to month basis. In the event of any such month to month continuance the rent may be changed or the lease terminated upon thirty (30) days prior written notice. The time of this lease shall not be reconducted but all other conditions thereof shall continue to govern on a month to month basis.

15. SUB-LEASE:

Lessee shall not be permitted to mortgage its lease hold interest or any improvements upon the lease premise, to assign this lease, to rent or sub-let or grant use or the possession of the premises to any other party, without the written consent of the Lessor, and then only in accordance with the terms of this lease. Should Lessee desire to sub-let, permission must be obtained in writing through Lessor or Agent and such sub-lease shall be handled by Lessor's agent at expense of Lessee.

No auction sales, or any sales of furniture, fixtures, etc., shall be conducted on the premises without the written consent of the Lessor or Agent.

16. NON-PAYMENT OF RENT, ETC.:

Should the Lessee at anytime violate any of the conditions of this lease, or discontinue the use of the premises for the purposes for which they are rented, or fail to pay the rent, water bill, or other expenses assumed under this lease, punctually at maturity, as stipulated; or upon the adjudication of Lessee in bankruptcy, the appointment of a receiver for Lessee, or the filing of a bankruptcy, receivership or respite petition by the Lessee, or upon Lessee's suspension, failure or insolvency; and should such violation continue for a period of ten (10) days after written notice has been given Lessee, then, at the option of the Lessor, the rent for the whole unexpired term of this lease shall at once come due and eligible; and Lessor shall have the further option to at once demand the entire rent for the whole term, or to immediately cancel this lease, or to proceed for past due installments only, serving the right to later proceed for the remaining installments, all without putting Lessee in default, Lessee to remain responsible for all damages or losses suffered by Lessor, Lessee hereby assenting thereto and expressly waiving the legal notices to vacate the premise. Should an agent or attorney be employed to give special attention to the enforcement or protection of any claim or Lessor arising from this lease, Lessee shall pay, as fees and compensation to such Agent or Attorney an addition sum of ten (10%) percent of the amount of such claim, the minimum fee, however, to be \$100.00, or if the claim be not for money, then such sum as well constitute a reasonable fee, together with all costs, charges and expenses.

Failure to strictly and promptly enforce these conditions shall not operate as a waiver of Lessor's rights, Lessor expressly reserving the right to always enforce prompt payment of rent, or to cancel this lease, regardless of any indulgences or extensions previously granted. The receiving by Lessor, or Lessor's representative of any rent in arrears, or after notice of institution of any suit for possession, or for cancellation of this lease, will not be considered as a waiver of such notice of suit, or of any of the rights of Lessor.

17. ADDITIONAL IMPROVEMENTS:

Lessee is obligated not to make any additions or alterations whatever to the premises without Lessor's written approval. All additions, alterations or improvements made by Lessee with or without consent of Lessor, no matter how attached must remain the property of Lessor, unless otherwise stipulated herein, Lessor expressly waives all rights to compensation therefore. The Lessor, at his option, may require the building to be replaced in its original condition. Lessor or agent or workmen shall have the right to enter the premises at any time for the purpose of making repairs necessary for the preservation of the property.

18. NUISANCES:

Lessee agrees not to use the leased premises for, or to carry on or permit upon said premises any offensive or dangerous trade, business or occupation or any nuisance, including but not limited to offensive odors, dust or smoke; and Lessee shall not commit, or suffer

to be committed, any waste upon the premises.

19. RENOVATIONS:

Lessee agrees to reimburse Lessor for all materials necessary to construct dividing wall running entire length of workshop. Lessor will provide labor to erect this wall. Lessee will be responsible for all costs assumed with necessary electrical service to suit his own electrical requirements.

IN WITNESS WHEREOF the parties hereunto affixed their signatures at of this 2nd day of January, 1997.

RICHARD LAZES:

WITNESS:

BY: /s/ Richard Lazes
RICHARD LAZES

/s/ Karen Butlon

OIL STOP, INC.:

WITNESS:

BY: /s/ Richard Lazes
President

/s/ Karen Butlon

SUBSIDIARIES OF THE COMPANY

Company	State of Incorporation
1105 Peters Road, Inc.	Louisiana
1209 Peters Road, Inc.	Louisiana
Ace Rental Tools, Inc.	Louisiana
Connection Technology, Ltd.	Louisiana
Dimensional Oil Field Services, Inc.	Louisiana
F. & F. Wireline Service, Inc.	Louisiana
Fastorq, Inc.	Louisiana
Nautilus Pipe & Tool Rental, Inc.	Louisiana
Oil Stop, Inc.	Louisiana
Stabil Drill Specialties, Inc.	Louisiana
Sub-Surface Tools, Inc.	Louisiana
Superior Well Service, Inc.	Louisiana
Tong Rentals and Supply Company, Inc.	Louisiana

The Board of Directors
Superior Energy Services, Inc.:

We consent to incorporation by reference in registration statements No. 333-2260 on Form S-3, No. 333-12175 and No. 333-43421 on Form S-8 of Superior Energy Services, Inc. of our report dated February 20, 1998, relating to the consolidated balance sheets of Superior Energy Services, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended, which report appears in the December 31, 1997, annual report on Form 10-K of Superior Energy Services, Inc.

/s/ KPMG Peat Marwick LLP

KPMG Peat Marwick LLP

New Orleans, Louisiana
March 12, 1998

12-MOS
DEC-31-1997
DEC-31-1997
1,902,000
0
24,605,000
(551,000)
1,778,000
29,247,000
55,862,000
(4,065,000)
118,060,000
10,741,000
0
0
29,000
88,824,000
118,060,000
54,256,000
54,256,000
23,216,000
39,018,000
0
0
722,000
14,516,000
5,061,000
9,455,000
0
0
0
9,455,000
0.44
0.43