

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2004

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission File No. 1-13219

Ocwen Financial Corporation

(Exact name of registrant as specified in its charter)

Florida

65-0039856

(State or other jurisdiction
of incorporation or organization)

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

1675 Palm Beach Lakes Boulevard, West Palm Beach, Florida 33401

(Address of principal executive offices) (Zip Code)

(561) 682-8000

(Registrant's telephone number, including area code)

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

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

Number of shares of Common Stock, \$0.01 par value, outstanding as of August 5,
2004: 63,296,552 shares.

OCWEN FINANCIAL CORPORATION
FORM 10-Q

INDEX

	Page
PART I - FINANCIAL INFORMATION	
Item 1. Interim Consolidated Financial Statements (Unaudited).....	3
Consolidated Statements of Financial Condition at June 30, 2004 and December 31, 2003.....	3
Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2004 and 2003.....	4
Consolidated Statements of Comprehensive Income (Loss) for the Three and Six Months Ended June 30, 2004 and 2003	5
Consolidated Statement of Changes in Stockholders' Equity for the Six Months Ended June 30, 2004.....	6
Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2004 and 2003.....	7
Notes to Consolidated Financial Statements.....	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	18
Item 3. Quantitative and Qualitative Disclosures About Market Risk.....	45
Item 4. Controls and Procedures.....	48
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings.....	49
Item 6. Exhibits and Reports on Form 8-K.....	49
Signature.....	51

PART I - FINANCIAL INFORMATION
ITEM 1. INTERIM FINANCIAL STATEMENTS (Unaudited)

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in thousands, except share data)

	June 30, 2004	December 31, 2003
	-----	-----
Assets		
Cash and amounts due from depository institutions	\$ 282,099	\$ 215,764
Interest earning deposits	7	324
Trading securities, at fair value		
U.S. government and sponsored enterprise securities	4,652	6,679
Subordinates and residuals	42,280	42,841
Real estate	68,080	103,943
Affordable housing properties	8,198	7,410
Loans, net	11,520	28,098
Match funded assets	132,775	130,087
Premises and equipment, net	41,633	41,944
Advances on loans and loans serviced for others	337,320	374,769
Mortgage servicing rights	136,174	166,495
Receivables	74,291	88,157
Other assets	50,140	33,607
	-----	-----
Total assets	\$ 1,189,169	\$ 1,240,118
	=====	=====
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	\$ 455,669	\$ 446,388
Escrow deposits	138,661	116,444
Bonds - match funded agreements	117,745	115,394
Lines of credit and other secured borrowings	50,582	150,384
Notes and debentures	56,249	56,249
Accrued interest payable	4,099	4,789
Accrued expenses, payables and other liabilities	27,871	31,926
	-----	-----
Total liabilities	850,876	921,574
	-----	-----
Minority interest in subsidiaries	1,294	1,286
Commitments and Contingencies (Note 8)		
Stockholders' equity		
Common stock, \$.01 per value; 200,000,000 shares authorized; 68,201,948 and 67,467,220 shares issued and outstanding at June 30, 2004 and December 31, 2003, respectively	682	675
Additional paid-in capital	230,440	225,559
Retained earnings	106,263	90,409
Accumulated other comprehensive income (loss), net of taxes	(386)	615
	-----	-----
Total stockholders' equity	336,999	317,258
	-----	-----
Total liabilities and stockholders' equity	\$ 1,189,169	\$ 1,240,118
	=====	=====

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

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share data)

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Revenue				
Servicing and related fees	\$ 38,602	\$ 32,224	\$ 80,723	\$ 66,052
Vendor management fees	13,654	7,458	26,827	13,999
Gain (loss) on trading and match funded securities, net	2,503	3,188	1,860	2,765
Valuation gains (losses) on real estate	(1,974)	(6,308)	(3,825)	(6,009)
Gain (loss) on sales of real estate	81	13	(460)	92
Operating income (losses) from real estate	565	1,421	573	2,192
Gain (loss) on debt repurchases	--	(4)	--	(4)
Other income	4,984	1,409	11,604	2,697
Non-interest revenue	58,415	39,401	117,302	81,784
Interest income	5,962	6,998	10,567	13,755
Interest expense	7,096	9,404	14,898	18,731
Net interest income (expense) before provision for loan losses ...	(1,134)	(2,406)	(4,331)	(4,976)
Provision for loan losses	(287)	(3,250)	(819)	(3,085)
Net interest income (expense) after provision for loan losses	(847)	844	(3,512)	(1,891)
Total revenue	57,568	40,245	113,790	79,893
Non-interest expense				
Compensation and employee benefits	20,897	17,130	42,930	34,838
Occupancy and equipment	4,021	2,685	8,018	5,515
Technology and communication costs	6,616	4,497	13,285	8,994
Loan expenses	7,460	3,465	15,387	7,000
Loss (gain) on investments in affordable housing properties	(41)	(56)	(79)	314
Professional services and regulatory fees	7,316	4,060	13,141	19,344
Other operating expenses	2,199	2,554	5,256	4,850
Non-interest expense	48,468	34,335	97,938	80,855
Distributions on Capital Securities	--	1,529	--	3,059
Income (loss) before minority interest and income taxes	9,100	4,381	15,852	(4,021)
Minority interest in net income (loss) of subsidiaries	(47)	(73)	(68)	(336)
Income tax expense	55	305	66	612
Net income (loss)	\$ 9,092	\$ 4,149	\$ 15,854	\$ (4,297)
Earnings (loss) per share				
Basic	\$ 0.13	\$ 0.06	\$ 0.23	\$ (0.06)
Diluted	\$ 0.13	\$ 0.06	\$ 0.23	\$ (0.06)
Weighted average common shares outstanding				
Basic	68,160,020	67,240,155	67,961,217	67,289,964
Diluted	69,534,999	68,372,204	69,314,392	67,289,964

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

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands)

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Net income (loss).....	\$ 9,092	\$ 4,149	\$ 15,854	\$ (4,297)
Other comprehensive income (loss), net of taxes:				
Change in unrealized foreign currency translation				
adjustment arising during the period (1).....	(954)	297	(1,001)	515
Comprehensive income (loss).....	\$ 8,138	\$ 4,446	\$ 14,853	\$ (3,782)
	=====	=====	=====	=====

(1) Net of tax benefit (expense) of \$(560) and \$(174) for the three months ended June 30, 2004 and 2003, respectively, and \$588 and \$(302) for the six months ended June 30, 2004 and 2003, respectively.

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

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2004
(Dollars in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss), Net of Taxes	Total
	Shares	Amount				
Balances at December 31, 2003	67,467,220	\$ 675	\$ 225,559	\$ 90,409	\$ 615	\$ 317,258
Net income	--	--	--	15,854	--	15,854
Issuance of restricted common stock to directors and employees	211,394	2	687	--	--	689
Exercise of common stock options	523,334	5	4,194	--	--	4,199
Other comprehensive loss, net of taxes						
Change in unrealized foreign currency translation adjustment	--	--	--	--	(1,001)	(1,001)
Balances at June 30, 2004	68,201,948	\$ 682	\$ 230,440	\$ 106,263	\$ (386)	\$ 336,999
	=====	=====	=====	=====	=====	=====

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

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

For the six months ended June 30,	2004	2003
Cash flows from operating activities		
Net income (loss)	\$ 15,854	\$ (4,297)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Net cash provided by trading activities	5,887	17,917
Premium amortization (discount accretion) on securities, net	(2,122)	733
Amortization of servicing rights	48,669	43,405
Depreciation and other amortization	7,067	7,034
Provision for loan losses	(819)	(3,085)
Valuation (gains) losses on real estate	3,825	6,009
(Gain) loss on trading and match funded securities	(1,860)	(2,765)
(Gain) loss on sale of real estate	460	(566)
(Gain) loss on investments in affordable housing properties	(79)	314
(Gain) loss on repurchase of debt	--	4
(Increase) decrease in advances and match funded advances on loans and loans serviced for others	36,559	(38,403)
(Increase) decrease in receivables and other assets, net	(5,634)	(4,032)
Increase (decrease) in accrued expense, interest payable and other liabilities, net	(4,745)	(88)
Net cash provided (used) by operating activities	103,062	22,180
Cash flows from investing activities		
Principal payments received on match funded loans	5,031	5,656
Acquisitions of match funded loans	(7,119)	--
Proceeds from sale of affordable housing properties	327	2,340
Purchase of mortgage servicing rights	(18,348)	(52,583)
Proceeds from sale of loans	--	24,047
Principal payments received on loans	29,521	27,166
Purchases, originations and funded commitments of loans, net	(15,975)	(6,225)
Capital improvements to real estate	--	(4,019)
Proceeds from sale of real estate	18,910	9,190
Additions to premises and equipment	(5,755)	(4,837)
Net cash provided (used) by investing activities	6,592	735
Cash flows from financing activities		
Increase (decrease) in deposits and escrow deposits	31,498	(14,190)
Proceeds from (repayment of) lines of credit and other secured borrowings, net ..	(79,802)	78,652
Proceeds from (repayment of) bonds - match funded agreements, net	2,351	(16,961)
Repurchase and repayment of notes and subordinated debentures	--	(439)
Exercise of common stock options	2,317	11
Repurchase of common stock	--	(2,235)
Net cash provided (used) by financing activities	(43,636)	44,838
Net increase (decrease) in cash and cash equivalents	66,018	67,753
Cash and cash equivalents at beginning of period	216,088	192,247
Cash and cash equivalents at end of period	\$ 282,106	\$ 260,000
	=====	=====
Cash and cash equivalents at end of period		
Cash and amounts due from depository institutions	\$ 282,099	\$ 65,836
Interest-earning deposits	7	124,164
Federal funds sold and repurchase agreements	--	70,000
	\$ 282,106	\$ 260,000
	=====	=====
Supplemental disclosure of cash flow information		
Cash paid during the period for		
Interest	\$ 15,588	\$ 19,639
	=====	=====
Income tax refunds (payments)	\$ 47,809	\$ (585)
	=====	=====
Supplemental schedule of non-cash investing and financing activities		
Assumption of line of credit by purchaser of real estate	\$ 20,000	\$ --
	=====	=====

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

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004
(Dollars in thousands)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements have been prepared in conformity with the instructions to Form 10-Q and Article 10, Rule 10-01 of Regulation S-X for interim financial statements. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. Ocwen Financial Corporation's ("OCN") interim consolidated financial statements include the accounts of OCN and its subsidiaries. OCN owns directly and indirectly all of the outstanding common and preferred stock of its primary subsidiaries, Ocwen Federal Bank FSB (the "Bank"), Investors Mortgage Insurance Holding Company, Ocwen Technology Xchange, Inc. ("OTX"), Ocwen Asset Investment Corp. ("OAC") and Ocwen Financial Solutions, Private Limited ("India"). OCN also owns 70% of Global Servicing Solutions, LLC ("GSS") with the remaining 30% minority interest held by ML IBK Positions, Inc. ("Merrill Lynch"). We have eliminated all significant intercompany transactions and balances in consolidation.

In our opinion, the accompanying unaudited financial statements contain all adjustments, consisting only of normal recurring accruals, necessary for a fair statement of our financial condition at June 30, 2004 and December 31, 2003, the results of our operations for the three and six months ended June 30, 2004 and 2003, our comprehensive income (loss) for the three and six months ended June 30, 2004 and 2003, our changes in stockholders' equity for the six months ended June 30, 2004 and our cash flows for the six months ended June 30, 2004 and 2003. The results of operations and other data for the three and six months ended June 30, 2004 are not necessarily indicative of the results that may be expected for any other interim periods or the entire year ending December 31, 2004. The unaudited consolidated financial statements presented herein should be read in conjunction with the audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2003. Certain reclassifications have been made to the prior periods' interim consolidated financial statements to conform to the June 30, 2004 presentation.

In preparing the consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the statements of financial condition and revenues and expenses for the periods covered. Material estimates that are particularly significant in the near or medium term relate to our determination of allowances for loans, servicing advances, and receivables, as well as our valuation of securities, real estate, affordable housing properties, servicing rights, intangibles and deferred tax assets. Actual results could differ from those estimates and assumptions.

NOTE 2 CURRENT ACCOUNTING PRONOUNCEMENTS

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). This interpretation provides guidance with respect to the identification of variable interest entities and when assets, liabilities, noncontrolling interests and the results of operations of a variable interest entity need to be included in a company's consolidated financial statements. The Interpretation requires consolidation by business enterprises of variable interest entities in certain cases. The factors to be considered in making this determination include the adequacy of the equity of the entity and the nature of the risks, rights and rewards of the equity investors in the entity. The Interpretation applied immediately to variable interest entities created after January 31, 2003 and to variable interest entities in which an enterprise obtains an interest after that date. Due to significant implementation concerns, the FASB modified the wording of FIN 46 and issued FIN 46R in December of 2003. FIN 46R deferred the effective date for the provisions of FIN 46 to entities other than Special Purpose Entities ("SPEs") until financial statements are issued for periods ending after March 15, 2004. SPEs are subject to the provisions of either FIN 46 or FIN 46R as of December 15, 2003. This Interpretation does not have a material impact on our financial statements.

NOTE 3 COMPANY OBLIGATED, MANDATORILY REDEEMABLE SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY JUNIOR SUBORDINATED DEBENTURES OF THE COMPANY

In August 1997, Ocwen Capital Trust ("OCT") issued \$125,000 of 10.875% Capital Securities (the "Capital Securities"). OCT invested the proceeds from issuance of the Capital Securities in 10.875% Junior Subordinated Debentures issued by OCN. The Junior Subordinated Debentures, which represent the sole assets of OCT, will mature on August 1, 2027. Prior to our adoption of SFAS No. 150 on July 1, 2003, we presented the Capital Securities in a separate caption between liabilities and stockholders' equity in our consolidated statement of financial condition as "Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely Junior Subordinated Debentures of the Company", and distributions on the Capital Securities were reported in a separate caption immediately following non-interest expense in our consolidated statement of operations. Effective with our adoption of SFAS No. 150, the Capital Securities are presented as a liability in the consolidated statement of financial condition as a component of notes and debentures. At the

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2004
(Dollars in thousands)

same time, we began reporting distributions of the Capital Securities as a component of interest expense in the consolidated statement of operations.

Holders of the Capital securities are entitled to receive cumulative cash distributions accruing from the date of original issuance and payable semiannually in arrears on February 1 and August 1 of each year, commencing on February 1, 1998, at an annual rate of 10.875% of the liquidation amount of \$1 per Capital Security. OCN guarantees payment of distributions out of moneys held by OCT, and payments on liquidation of OCT or the redemption of Capital Securities, to the extent OCT has funds available. If Ocwen Financial Corporation does not make principal or interest payments on the Junior Subordinated Debentures, OCT will not have sufficient funds to make distributions on the Capital Securities, in which event the guarantee shall not apply to such distributions until OCT has sufficient funds available therefore. Distributions on Capital Securities amounted to \$1,529 in both the second quarter of 2004 and 2003 (\$3,059 for the year to date periods). Accumulated distributions payable on the Capital Securities amounted to \$2,549 at both June 30, 2004 and December 31, 2003 and are included in accrued interest payable.

We have the right to defer payment of interest on the Junior Subordinated Debentures at any time or from time to time for a period not exceeding 10 consecutive semiannual periods with respect to each deferral period, provided that no extension period may extend beyond the stated maturity of the Junior Subordinated Debentures. Upon the termination of any such extension period and the payment of all amounts then due on any interest payment date, we may elect to begin a new extension period. Accordingly, there could be multiple extension periods of varying lengths throughout the term of the Junior Subordinated Debentures. If we defer interest payments on the Junior Subordinated Debentures, distributions on the Capital Securities will also be deferred, and we may not, nor may any of our subsidiaries, (i) declare or pay and dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, their capital stock of (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities that rank pari passu with or junior to the Junior Subordinated Debentures. During an extension period, interest on the Junior Subordinated Debentures will continue to accrue at the rate of 10.875% per annum, compounded semiannually.

We may redeem the Junior Subordinated Debentures before maturity at our option, subject to the receipt of any necessary prior regulatory approval, (i) in whole or in part on or after August 1, 2007, at a redemption price equal to 105.438% of the principal amount or (ii) at any time, in whole (but not in part), upon the occurrence and continuation of a special event (defined as a tax event, regulatory capital event or an investment company event) at a redemption price equal to the greater of (a) 100% of the principal amount thereof or (b) the sum of the present values of the principal amount and premium payable with respect to an optional redemption of such Junior Subordinated Debentures on August 1, 2007, together with scheduled payments of interest from the prepayment date to August 1, 2007, discounted to the prepayment date on a semiannual basis at the adjusted Treasury rate plus accrued interest thereon to the date of prepayment. The Capital Securities are subject to mandatory redemption, in whole or in part, upon repayment of the Junior Subordinated Debentures at maturity or their earlier redemption, in an amount equal to the amount of the related Junior Subordinated Debentures maturing or being redeemed and at a redemption price equal to the redemption price of the Junior Subordinated Debentures, plus accumulated and unpaid distributions thereon to the date of redemption.

For financial reporting purposes, we treat OCT as a subsidiary and, accordingly, the accounts of OCT are included in our consolidated financial statements. We eliminate intercompany balances and transactions with OCT, including the balance of Junior Subordinated Debentures outstanding, in our consolidated financial statements.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2004
(Dollars in thousands)

NOTE 4 FOREIGN CURRENCY EXCHANGE RATE RISK MANAGEMENT

We have entered into foreign currency derivatives to hedge our investments in foreign subsidiaries that own residual interests backed by residential loans originated in the UK ("UK residuals") and a shopping center located in Halifax, Nova Scotia (the "Nova Scotia Shopping Center"). It is our policy to periodically adjust the amount of foreign currency derivative contracts we have entered into in response to changes in our investments in these assets. Currency futures are commitments to either purchase or sell foreign currency at a future date for a specified price. We have determined that the local currency of our investment in UK residuals and the Nova Scotia Shopping Center is the functional currency. Our foreign currency derivative financial instruments qualify for hedge accounting. Accordingly, we include the gains or losses in the net unrealized foreign currency translation in accumulated other comprehensive income in stockholders' equity. The following table sets forth the terms and values of these foreign currency financial instruments at June 30, 2004 and December 31, 2003:

	Position	Maturity	Notional Amount	Strike Rate	Fair Value
June 30, 2004					
Canadian Dollar currency futures...	Short	Sept. 2004	C\$ 13,000	0.7414	\$ (104)
British Pound currency futures.....	Short	Sept. 2004	(pound) 17,500	1.8242	323

					\$ 219
					=====
December 31, 2003					
Canadian Dollar currency futures...	Short	June 2004	C\$ 10,000	0.7660	\$ (34)
British Pound currency futures.....	Short	June 2004	(pound) 16,500	1.7292	(737)

					\$ (771)
					=====

Because foreign currency futures contracts are exchange traded, holders of these instruments look to the exchange for performance under these contracts and not the entity holding the offsetting futures contract, thereby minimizing the risk of nonperformance under these contracts. The notional principal amount does not represent our exposure to credit loss.

NOTE 5 REGULATORY REQUIREMENTS

The Bank, as a federal savings bank organized under the Home Owners' Loan Act, and OCN, as a registered savings and loan holding company under the Act, are subject to extensive federal and state regulation under the Act and other federal and state laws, as described on pages 11 through 14 under the Regulation section of Part I in our Annual Report on Form 10-K for the year ended December 31, 2003. Our primary regulatory authority is the U.S. Office of Thrift Supervision ("OTS"). As such, the OTS periodically conducts an examination of the Bank and its business practices.

On April 19, 2004, the Bank and the OTS entered into a Supervisory Agreement (the "Agreement"). The Agreement memorializes various loan servicing and customer service practices, some of which the Bank had previously adopted and some of which it has implemented on a going-forward basis. Under the Agreement, the Bank will continue to maintain and further develop its Office of Consumer Ombudsman, an initiative implemented effective January 1, 2004. The Agreement acknowledges that the Bank no longer assesses delinquent borrowers attorneys' fees for issuing notices of default. Beginning with the effective date of the Agreement, the Bank will no longer charge delinquent borrowers a fee for providing forbearance plans in lieu of foreclosures. The Agreement also establishes the procedures to be followed to determine whether appropriate hazard insurance is in place before placing insurance on behalf of the borrower. Those procedures include some already implemented by the Bank, as well as new requirements, including that the second notice shall be sent to borrowers by certified mail. The Bank will not place the borrower's loan in default, assess fees or initiate foreclosure proceedings solely due to the borrower's nonpayment of insurance premiums. The Agreement also provides that the Bank agrees "to utilize best efforts" to provide borrowers or their agents pay-off quotes within five business days and sets forth new guidelines regarding documentation of charges on such pay-off quotes.

The Bank also is required to meet a number of deadlines and submit reports relating to its implementation of the Agreement. While we do not expect that compliance with the Agreement will have a material adverse impact on our financial condition, results of operations or cash flows, we do not know whether the OTS or other regulatory agencies will seek to implement additional measures relating to the Bank's servicing practices, including with respect to the matters that are the subject of the Agreement. Accordingly, there can be no assurance that any such measures, if implemented, would not have a material adverse effect on our financial condition, results of operations or cash flows.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2004
(Dollars in thousands)

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the regulations promulgated thereunder established certain minimum levels of regulatory capital for savings institutions subject to regulation by the OTS. As a federally chartered savings bank regulated by the OTS, the bank must follow specific capital guidelines stipulated by the OTS. These guidelines involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items. An institution that fails to comply with its regulatory capital requirements must obtain OTS approval of a capital plan and can be subject to a capital directive and certain restrictions on its operations.

At June 30, 2004, the Bank was "well capitalized" under the prompt corrective action regulations adopted by the OTS pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991. To be categorized as "well capitalized", the Bank must maintain minimum core capital, Tier 1 risk-based capital and risk-based capital ratios as set forth in the following table. The Bank's capital amounts and classification are subject to review by federal regulators regarding components, risk-weightings and other factors. There are no conditions or events since June 30, 2004 that we believe have changed the Bank's category.

Since 1997, the Bank has committed to the OTS to maintain a core capital (leverage) ratio and a total risk-based capital ratio of at least 9.00% and 13.00%, respectively. The Bank continues to be in compliance with this commitment as well as with the regulatory capital requirements of general applicability (as indicated in the table below). In addition during 2002, we committed to maintain our investment in mortgage servicing rights at approximately 50% of stockholders' equity on a consolidated basis and 60% of core capital (before any deduction thereto for mortgage servicing rights) at the Bank. On a consolidated basis, our investment in mortgage servicing rights is below the committed level and represented 40% of stockholder's equity at June 30, 2004. At the Bank, mortgage servicing rights are also below the committed level, amounting to 53% of core capital at June 30, 2004.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2004
(Dollars in thousands)

The following table summarized the Bank's actual and required regulatory capital at June 30, 2004:

	Actual		Minimum for Capital Adequacy Purposes		To be Well Capitalized for Prompt Corrective Action Provisions		Committed Capital Requirements
	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Shareholders' equity, and ratio to total assets	19.08%	\$ 191,559					
Disallowed mortgage servicing rights.....		(8,876)					
Disallowed deferred tax assets.....		(21,295)					
Non-includable subsidiary.....		(807)					
Intangible assets (1).....		(3,239)					

Tier 1 (core) capital and ratio to adjusted total assets.....	16.22%	157,342	4.00%	\$ 38,795	5.00%	\$ 48,494	9.00%
Non-mortgage servicing rights.....		(1,419)					

Tangible capital and ratio to tangible assets.....	16.10%	\$ 155,923	1.50%	\$ 14,527			
		=====					
Tier 1 capital and ratio to risk-weighted assets.....	24.38%	\$ 157,342			6.00%	\$ 38,725	
Tier 2 capital - Allowance for loan losses.		4,660					
Real estate required to be deducted (2)....		(44,000)					

Total risk-based capital and ratio to risk-weighted assets.....	18.28%	\$ 118,002	8.00%	\$ 51,633	10.00%	\$ 64,541	13.00%
		=====					
Total regulatory assets.....		\$1,004,015					
		=====					
Adjusted total assets.....		\$ 969,873					
		=====					
Tangible assets.....		\$ 968,454					
		=====					
Risk-weighted assets.....		\$ 645,410					
		=====					

(1) Unamortized balance of computer software.

(2) Retail shopping mall, which we originally acquired in satisfaction of a debt and have held in excess of five years.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2004
(Dollars in thousands)

NOTE 6 NET INTEREST INCOME (EXPENSE) BEFORE PROVISION FOR LOAN LOSSES

	Three Months		Six Months	
For the periods ended June 30,	2004	2003	2004	2003
Interest income:				
Interest earning cash and other.....	\$ 225	\$ 96	\$ 339	\$ 146
Federal funds sold and repurchase agreements.....	350	419	742	737
Trading securities.....	4,315	4,757	7,553	9,622
Loans.....	710	737	1,170	1,109
Match funded loans and securities.....	362	989	763	2,141
	5,962	6,998	10,567	13,755
Interest expense:				
Deposits.....	3,678	4,534	7,715	9,400
Securities sold under agreements to repurchase.....	--	--	--	3
Bonds - match funded agreements.....	1,069	1,258	2,096	2,564
Lines of credit and other secured borrowings.....	820	1,319	2,028	2,176
Notes and debentures.....	1,529	2,293	3,059	4,588
	7,096	9,404	14,898	18,731
Net interest income (expense) before provision for loan losses.....	\$ (1,134)	\$ (2,406)	\$ (4,331)	\$ (4,976)

NOTE 7 BUSINESS SEGMENT REPORTING

An operating segment is defined as a component of an enterprise (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose operating results are regularly reviewed by the enterprise's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available. A brief description of our segments follows.

Core Businesses

- . Residential Loan Servicing. Through this business, we provide for a fee, loan servicing, including asset management and resolution services, to third party owners of subprime residential mortgage and "high loan-to-value loans". We acquire the rights to service loans by purchasing them outright or by entering into sub-servicing contracts.
- . OTX. Through this segment we provide technology solutions for the mortgage and real estate industries. OTX products include a residential loan servicing system (REALServicing(TM)), a commercial loan servicing system (REALSynergy(TM)) and an internet-based mortgage loan processing application and vendor management system (REALTrans(TM)).
- . Ocwen Realty Advisors (ORA). Through ORA we provide residential property valuation services to external customers in the wholesale lending community as well as for our own residential real estate transactions.
- . Ocwen Recovery Group (formerly Unsecured Collections). This business conducts collection activities for third party owners of unsecured receivables and for a portfolio of unsecured credit card receivables that we acquired at a discount in 1999 and 2000.
- . Business Process Outsourcing. This business segment began operation in December 2002. Business Process Outsourcing provides outsourcing services, including data processing, call center maintenance, mortgage research and others, to third parties and leverages the operational capacity of our facilities in India.
- . Commercial Servicing. This segment now includes the results of both our domestic and international servicing of commercial assets, including commercial real estate loans, corporate loans and unsecured loans. Previously, domestic commercial servicing was included as a component of the Commercial Finance Segment, and the results of our international operations were reported as a separate segment. International servicing is conducted through GSS, our joint servicing venture with Merrill Lynch.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2004
(Dollars in thousands)

Non-Core Businesses

- . Commercial Assets. This segment comprised operations to acquire sub-performing commercial loans at a discount, as well as operations to invest in and reposition under-performing real estate assets. No assets have been acquired since 2000. Since then, this business has consisted of the management, repositioning and resolution of the remaining loan and real estate assets.
- . Affordable Housing. Includes our investments, primarily through limited partnerships, in qualified low-income rental housing for the purpose of obtaining Federal income tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended. Except to complete those projects in which an investment had already been made, we ceased making investments in properties in 2000.
- . Subprime Finance. In August 1999, we closed our domestic subprime origination business. Previously, activities of this segment included our acquisition and origination of single-family residential loans to non-conforming borrowers. We have continued to manage and resolve the remaining non-core assets, which consist primarily of unrated single-family subprime residual securities.

Corporate Items and Other

This segment includes business activities that are individually insignificant, interest income on cash and cash equivalents, interest expense on corporate assets, gains and losses from debt repurchases and general corporate expenses.

We allocate interest income and expense to each business segment for the investment of funds raised or funding of investments made. We also make allocations of non-interest expense generated by corporate support services to each business segment.

Financial information for our segments is as follows for the dates indicated:

	Total Assets	
	June 30, 2004	December 31, 2003
Core businesses:		
Residential Loan Servicing.....	\$ 612,424	\$ 672,779
OTX.....	6,161	5,290
Ocwen Realty Advisors.....	3,010	1,056
Ocwen Recovery Group.....	342	323
Business Process Outsourcing.....	1,623	1,010
Commercial Servicing.....	11,009	5,241
	634,569	685,699
Non-core businesses:		
Commercial Assets.....	81,056	133,015
Affordable Housing.....	44,613	48,974
Subprime Finance.....	36,960	39,162
	162,629	221,151
Corporate Items and Other.....	391,971	333,268
	\$ 1,189,169	\$ 1,240,118
	=====	=====

The following table summarizes our remaining investment in non-core assets, which are included in the total asset amounts presented above:

	Non-Core Assets	
	June 30, 2004	December 31, 2003
Non-core businesses:		
Commercial Assets.....	\$ 78,543	\$ 126,401
Affordable Housing.....	11,833	13,955
Subprime Finance.....	37,119	38,973
Corporate Items and Other.....	2,583	2,963
	\$ 130,078	\$ 182,292
	=====	=====

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2004
(Dollars in thousands)

	Non-Interest Revenue	Net Interest Income (Expense)	Provision for Loan Losses	Non-Interest Expense	Pre-Tax Income (Loss) (1)
At or for the three months ended June 30, 2004					
Core businesses:					
Residential Loan Servicing.....	\$ 33,566	\$ (5,267)	\$ --	\$ 23,663	\$ 4,637
OTX.....	6,688	--	--	5,154	1,534
Ocwen Realty Advisors.....	7,401	(19)	--	5,806	1,576
Ocwen Recovery Group.....	3,180	--	--	2,291	889
Business Process Outsourcing.....	2,193	(5)	--	1,481	707
Commercial Servicing.....	3,437	(1)	--	3,662	(226)
	56,465	(5,292)	--	42,057	9,117
Non-core businesses:					
Commercial Assets.....	252	512	(255)	829	190
Affordable Housing.....	17	(472)	--	731	(1,186)
Subprime Finance.....	1,112	3,249	--	739	3,623
	1,381	3,289	(255)	2,299	2,627
Corporate Items and Other.....	569	869	(32)	4,112	(2,644)
	\$ 58,415	\$ (1,134)	\$ (287)	\$ 48,468	\$ 9,100
	=====	=====	=====	=====	=====
At or for the three months ended June 30, 2003					
Core businesses:					
Residential Loan Servicing.....	\$ 28,810	\$ (4,937)	\$ --	\$ 15,472	\$ 8,401
OTX.....	2,534	--	--	5,179	(2,645)
Ocwen Realty Advisors.....	4,905	(6)	--	3,305	1,594
Ocwen Recovery Group.....	2,653	--	--	1,688	964
Business Process Outsourcing.....	401	--	--	478	(77)
Commercial Servicing.....	1,430	(11)	--	2,203	(784)
	40,733	(4,954)	--	28,325	7,453
Non-core businesses:					
Commercial Assets.....	(4,586)	(2,096)	(3,373)	930	(4,239)
Affordable Housing.....	82	(811)	3	592	(1,324)
Subprime Finance.....	3,067	4,372	--	1,655	5,785
	(1,437)	1,465	(3,370)	3,177	222
Corporate Items and Other.....	105	1,083	120	2,833	(3,294)
	\$ 39,401	\$ (2,406)	\$ (3,250)	\$ 34,335	\$ 4,381
	=====	=====	=====	=====	=====

(1) Income (loss) before minority interest and income taxes.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2004
(Dollars in thousands)

	Non-Interest Revenue	Net Interest Income (Expense)	Provision for Loan Losses	Non-Interest Expense	Pre-Tax Income (Loss) (1)
For the six months ended June 30, 2004					
Core businesses:					
Residential Loan Servicing.....	\$ 68,840	\$ (10,539)	\$ --	\$ 47,918	\$ 10,383
OTX.....	9,887	--	--	10,123	(237)
Ocwen Realty Advisors.....	16,597	(25)	--	13,037	3,535
Ocwen Recovery Group.....	6,658	--	--	4,368	2,290
Business Process Outsourcing.....	4,348	(8)	--	3,236	1,104
Commercial Servicing.....	6,968	(2)	--	6,968	(3)
	113,298	(10,574)	--	85,650	17,072
Non-core businesses:					
Commercial Assets.....	(2,043)	219	(764)	1,990	(3,050)
Affordable Housing.....	17	(882)	(29)	1,323	(2,159)
Subprime Finance.....	1,284	5,991	--	1,148	6,127
	(742)	5,328	(793)	4,461	918
Corporate Items and Other.....	4,746	915	(26)	7,827	(2,138)
	\$ 117,302	\$ (4,331)	\$ (819)	\$ 97,938	\$ 15,852
	=====	=====	=====	=====	=====
For the six months ended June 30, 2003					
Core businesses:					
Residential Loan Servicing.....	\$ 59,393	\$ (9,824)	\$ --	\$ 31,920	\$ 17,649
OTX.....	5,007	--	--	10,979	(5,972)
Ocwen Realty Advisors.....	8,726	(9)	--	6,108	2,609
Ocwen Recovery Group.....	5,505	--	--	3,224	2,281
Business Process Outsourcing.....	752	--	--	748	4
Commercial Servicing.....	2,936	(34)	--	5,067	(2,165)
	82,319	(9,867)	--	58,046	14,406
Non-core businesses:					
Commercial Assets.....	(3,420)	(4,397)	(3,458)	2,308	(6,668)
Affordable Housing.....	145	(1,648)	148	1,953	(3,604)
Subprime Finance.....	2,463	8,859	--	13,022	(1,700)
	(812)	2,814	(3,310)	17,283	(11,972)
Corporate Items and Other.....	277	2,077	225	5,526	(6,455)
	\$ 81,784	\$ (4,976)	\$ (3,085)	\$ 80,855	\$ (4,021)
	=====	=====	=====	=====	=====

(1) Income (loss) before minority interest and income taxes.

NOTE 8 COMMITMENTS AND CONTINGENCIES

OCN and certain of its affiliates, including the Bank, have been named as defendants in a number of purported class action lawsuits challenging the Bank's mortgage servicing practices. The lawsuits allege that the defendants violated federal and state statutes, including the federal Real Estate Settlement Procedures Act, Fair Debt Collection Practices Act and state deceptive trade practices statutes, and assert common law claims. The lawsuits seek actual and punitive damages, and injunctive and other relief. These lawsuits have been consolidated into a single proceeding before the United States District Court for the Northern District of Illinois, under caption styled: In re Ocwen Federal Bank FSB Mortgage Servicing Litigation, MDL Docket No. 1604. The consolidated action is at an early stage of proceedings, and the court has not yet considered a motion for class certification. We are defending and intend to continue to defend the consolidated action vigorously. While the outcome of litigation is always uncertain, we believe that we have meritorious legal and factual defenses to all of the claims in the consolidated action.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2004
(Dollars in thousands)

The Bank is also a defendant in a purported class action proceeding in state court in Alabama that challenges the Bank's mortgage servicing practices, and particularly certain fees charged to borrowers. In the proceeding, which relates to loans that were part of a portfolio that we acquired from a third party, plaintiffs alleged common law and Alabama state law claims against the Bank and other defendants. We recently concluded an agreement with counsel for the plaintiffs to settle the case on a non-class basis and to dismiss all claims with prejudice. Pursuant to this settlement agreement, on August 6, 2004, the parties jointly filed a Joint Motion to Vacate and to Dismiss the case with the Court. The settlement agreement will not have a material effect on our financial condition, results of operations or cash flows.

On July 9, 2004, a jury rendered a verdict of \$9,320, which included both actual and punitive components, against Ocwen, the Bank and OTX in litigation brought by Cartel Asset Management, Inc. ("Cartel") in federal court in Denver, Colorado. Cartel alleged trade secret and contract-related claims arising out of real estate valuation services performed from 1997 through the first quarter of 2001, at which time we ceased doing business with Cartel. On July 16, 2004, the judge in the Cartel litigation ordered a new trial on damages on the ground that the testimony of plaintiff's damages expert should have been, but was not, excluded. The lawsuit does not involve challenges to our core Residential Loan Servicing business practices. We will continue to defend this litigation vigorously and, if necessary, take an appeal to the U.S. Court of Appeals for the Tenth Circuit.

OCN and the Bank are also subject to various other pending legal proceedings. In our opinion, the resolution of these proceedings will not have a material effect on our financial condition, results of operations or cash flows.

NOTE 9 SUBSEQUENT EVENT

On July 28, 2004, OCN issued \$175,000 aggregate principal amount of 3.25% Contingent Convertible Senior Unsecured Notes due 2024 ("Convertible Notes") in a private placement under Securities Act of 1933, as amended. The Convertible Notes are senior unsecured obligations of Ocwen Financial Corporation and bear interest at the rate of 3.25% per year. Interest is payable on February 1 and August 1 of each year, beginning on February 1, 2005. The Convertible Notes will mature on August 1, 2024.

The Convertible Notes will be convertible at the option of the holder thereof under certain circumstances into shares of our common stock at an initial conversion rate of 82.1693 shares per \$1 principal amount of the Convertible Notes, subject to adjustment. Upon conversion, OCN may at its option choose to deliver, in lieu of common stock, cash or a combination of cash and common stock.

In privately negotiated transactions concurrent with the private placement of the Convertible Notes, we have used 25% of the gross proceeds from the sale of the Convertible Notes to repurchase 4,850,000 shares of our common stock at a price of \$9.02 per share. We intend to use the remaining proceeds, net of underwriting discount and other expenses, for general corporate purposes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

General

OCN is a diversified financial services company with headquarters in West Palm Beach, Florida, and a presence in Canada, China, Germany, India, Japan and Taiwan. We are engaged in a variety of businesses related to residential and commercial mortgage servicing, real estate asset management, asset recovery, global outsourcing and the marketing and sales of technology solutions to third parties.

Overview of Risks and Related Critical Accounting Policies

For the past several years, we have been undergoing a fundamental transition in the nature of our business. In late 1999 and early 2000, we began to execute a strategic plan to shift our business activities away from capital-intensive businesses involving the purchase or origination of loans, real estate and related assets toward less capital-intensive businesses that generate fee-based revenues. As a result, we generally ceased to invest in assets in certain of our business segments ("non-core businesses") unless we were contractually committed to do so. However, we continue actively to manage and resolve the remaining assets in these segments. As of June 30, 2004, our core and non-core businesses were as follows:

Core Businesses	Non-Core Businesses
-----	-----
Residential Loan Servicing	Commercial Assets
Ocwen Technology Xchange ("OTX")	Affordable Housing
Ocwen Realty Advisors ("ORA")	Subprime Finance
Ocwen Recovery Group (formerly Unsecured Collections)	
Business Process Outsourcing	
Commercial Servicing	

In addition to our business segments, we use our Corporate Items and Other segment to account for certain items of revenue and expense that are not directly related to a business unit. We include in our Corporate Items and Other segment interest income on cash and cash equivalents, interest expense on corporate assets, gains and losses from debt repurchases and general corporate expenses.

Principal Risk Factors. We included a discussion of the principal risk factors that relate to our businesses and may affect future results on pages 14 through 17 of Management's Discussion and Analysis of Operations and Financial Conditions in our Annual Report on Form 10-K for the year ended December 31, 2003.

Critical Accounting Policies. Our strategies to exit non-core businesses and expand our core businesses are affected by risks in the marketplace. Further, our ability to measure and report our operating results and financial position is heavily influenced by the need to estimate the impact or outcome of these risks, or other future events. Our critical accounting policies are those that relate to the estimation and measurement of these risks, and an understanding of these policies is fundamental to understanding Management's Discussion and Analysis of Results of Operations and Financial Condition. We summarize our more subjective and complex accounting policies as they relate to our overall business strategy on pages 17 and 18 of Management's Discussion and Analysis of Results of Operations and Financial Condition in our Annual Report on Form 10-K for the year ended December 31, 2003. We discuss our significant accounting policies in detail in Note 1 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2003.

Banking Operations

The Bank operates one bank branch in Fort Lee, New Jersey. This location, which provides most of our retail banking services, is primarily focused on the issuance of retail certificates of deposit that currently serve as a source of financing for us. We do not conduct loan origination activities in the Fort Lee branch.

We currently operate several of our core businesses primarily in the Bank: Residential Loan Servicing, ORA, the domestic operations of Commercial Servicing and portions of Ocwen Recovery Group. In addition, our non-core Affordable Housing business operates in the Bank, as does a portion of our non-core Commercial Assets business.

As described in Note 5 to our Interim Consolidated Financial Statements, we have committed to the OTS to maintain our investment in mortgage servicing rights at approximately 60% of core capital at the Bank (before any deduction thereto for mortgage servicing rights) and 50% of stockholders' equity on a consolidated basis. These commitments effectively limit the size of our Residential Loan Servicing business. Consistent with our strategy of growing that business, we are currently exploring the possibility of the Bank

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

terminating its status as a federal savings bank under OTS and FDIC supervision, which would, among other things, eliminate these restrictions on our growth. If we were to go forward with this process, which we refer to as "debanking," we would dissolve the Bank and continue its non-depository businesses, including its mortgage servicing business, under another subsidiary of our company, which would be licensed where necessary at the state level. Should debanking occur, we would no longer be a savings-and-loan holding company and would no longer be able to take deposits in the United States or benefit from federal preemption.

No final determination has yet been made with respect to whether we will pursue this strategy. Were we to decide to do so, our ability to debank would be subject to a number of contingencies, many of which are beyond our control, including approvals by the OTS with respect to applications for a voluntary dissolution as well as sales of the Bank's deposits to third parties. There can be no assurance that we ultimately would be successful in debanking.

The following discussion of our consolidated financial condition, results of operations, capital resources and liquidity should be read in conjunction with the Interim Consolidated Financial Statements and related Notes included in Item 1.

Selected Consolidated Financial Information

The following tables present selected consolidated financial information at the dates and for the periods indicated.

	June 30, 2004	December 31, 2003	Increase (Decrease)	
			\$	%
Financial Condition Data				
Total assets.....	\$ 1,189,169	\$ 1,240,118	\$ (50,949)	(4)%
Trading securities, at fair value.....	\$ 46,932	\$ 49,520	\$ (2,588)	(5)%
Real estate.....	\$ 68,080	\$ 103,943	\$ (35,863)	(35)%
Loans, net.....	\$ 11,520	\$ 28,098	\$ (16,578)	(59)%
Match funded assets, net.....	\$ 132,775	\$ 130,087	\$ 2,688	2%
Advances on loans and loans serviced for others..	\$ 337,320	\$ 374,769	\$ (37,449)	(10)%
Mortgage servicing rights.....	\$ 136,174	\$ 166,495	\$ (30,321)	(18)%
Receivables.....	\$ 74,291	\$ 88,157	\$ (13,866)	(16)%
Other assets.....	\$ 50,140	\$ 33,607	\$ 16,533	49%
Total liabilities.....	\$ 850,876	\$ 921,574	\$ (70,698)	(8)%
Deposits.....	\$ 455,669	\$ 446,388	\$ 9,281	2%
Escrow deposits.....	\$ 138,661	\$ 116,444	\$ 22,217	19%
Bonds-match funded agreements.....	\$ 117,745	\$ 115,394	\$ 2,351	2%
Lines of credit and other secured borrowings.....	\$ 50,582	\$ 150,384	\$ (99,802)	(66)%
Notes and debentures (1).....	\$ 56,249	\$ 56,249	\$ --	--%
Stockholders' equity.....	\$ 336,999	\$ 317,258	\$ 19,741	6%

	For the Three Months Ended June 30,			
	2004	2003	Favorable/(Unfavorable)	
			\$	%
Operations Data				
Net income (loss).....	\$ 9,092	\$ 4,149	\$ 4,943	119%
Non-interest revenue.....	\$ 58,415	\$ 39,401	\$ 19,014	48%
Net interest income (expense) (1).....	\$ (1,134)	\$ (2,406)	\$ 1,272	53%
Provision for loan losses.....	\$ (287)	\$ (3,250)	\$ (2,963)	(91)%
Non-interest expense.....	\$ 48,468	\$ 34,335	\$ (14,133)	(41)%
Distributions on Capital Securities (1).....	\$ --	\$ 1,529	\$ 1,529	100%
Income tax expense.....	\$ 55	\$ 305	\$ 250	82%
Net income (loss) per share:				
Basic and diluted.....	\$ 0.13	\$ 0.06	\$ 0.07	117%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

	For the Six Months Ended June 30,			
			Favorable/(Unfavorable)	
	2004	2003	\$	%
Operations Data				
Net income (loss).....	\$ 15,854	\$ (4,297)	\$ 20,151	469%
Non-interest revenue.....	\$ 117,302	\$ 81,784	\$ 35,518	43%
Net interest income (expense) (1).....	\$ (4,331)	\$ (4,976)	\$ 645	13%
Provision for loan losses.....	\$ (819)	\$ (3,085)	\$ (2,266)	(73)%
Non-interest expense.....	\$ 97,938	\$ 80,855	\$ (17,083)	(21)%
Distributions on Capital Securities (1).....	\$ --	\$ 3,059	\$ 3,059	100%
Income tax expense.....	\$ 66	\$ 612	\$ 546	89%
Net income (loss) per share:				
Basic and diluted.....	\$ 0.23	\$ (0.06)	\$.29	483%

(1) Effective with our adoption of SFAS No. 150 on July 1, 2003, we reclassified our \$56,249 balance of 10.875% Capital Securities to notes and debentures. Distributions for the three and six months ended June 30, 2004 amounted to \$1,529 and \$3,059, respectively, and are included with interest expense.

Results of Operations

General. We recorded net income of \$9,092 for the second quarter of 2004, as compared to \$4,149 for the second quarter of 2003. Our earnings per share were \$0.13 and \$0.06 for the second quarter of 2004 and 2003, respectively. For the first six months of 2004 we recorded net income of \$15,854 or \$0.23 per share as compared to a net loss of \$(4,297) or \$(0.06) per share for the same period of 2003.

Our core businesses recorded combined pre-tax income of \$9,117 in the second quarter of 2004, an increase of \$1,664 or 22% as compared to the second quarter of 2003. Year to date, pre-tax income from our core businesses amounted to \$17,072, an increase of \$2,666 or 19% compared to the same period of 2003. Declines in Residential Loan Servicing income during the 2004 periods were more than offset by improvements in the operating results of OTX and our other core businesses. Our non-core business segments recorded pre-tax income of \$2,627 in the second quarter of 2004 as compared to \$222 for the second quarter of 2003. Year to date, our non-core businesses recorded pre-tax income of \$918, an improvement of \$12,890 over the loss incurred for the same period in 2003. The improvement in the combined results of our year-to-date non-core segments is largely due to the \$10,000 charge in the first quarter of 2003, related to settlement of the Admiral Home Loan arbitration. Losses from our Corporate Items and Other segment declined in the 2004 periods. We discuss these segment results in detail in our review of segment profitability, which follow.

Segment Profitability. In general, we have ceased conducting any new business activities related to our non-core businesses, although we are actively engaged in the sale or other resolution of the remaining non-core assets. These assets are comprised of loans, real estate, securities held in our residual and subordinate trading portfolio and affordable housing properties.

The following is a discussion of pre-tax income (loss) before minority interest, income taxes and effect on change in accounting principle for each of our core and non-core reportable business segments.

Core Businesses

Residential Loan Servicing. Through this business, we provide for a fee, loan servicing, including asset management and resolution services, to third party owners of subprime residential mortgage and "high loan to value" loans. Subprime residential mortgages comprise the vast majority of loans we service. We acquire the rights to service loans by purchasing them outright or by entering into sub-servicing contracts. Results for the three and six months ended June 30, 2004 as compared to the same periods of 2003 reflect growth in the average volume of mortgage loans serviced, as shown in the table below, continuing earnings pressure from current low interest rates and rising prepayments in our servicing portfolio. Not only do prepayments result in the loss of future servicing fees, they also result in increases to the rate at which we amortize our servicing rights. Prepayments also create an obligation for us to remit a final month of interest to the investor.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Selected information

	2004	2003
Number of loans at June 30.....	333,722	339,902
Unpaid principal balance at June 30.....	\$ 34,768,367	\$ 33,713,494
Average unpaid principal balance for the following periods:		
Three months ended June 30.....	\$ 35,676,776	\$ 30,994,887
Six months ended June 30.....	\$ 36,370,943	\$ 30,730,460

	Three Months		Six Months	
For the periods ended June 30,	2004	2003	2004	2003
Pre-tax income (loss).....	\$ 4,637	\$ 8,401	\$ 10,383	\$ 17,649
Net interest expense.....	\$ 5,267	\$ 4,937	\$ 10,539	\$ 9,824
Servicing and related fees:				
Fees.....	\$ 62,476	\$ 57,801	\$ 130,377	\$ 115,537
Amortization of servicing rights.....	\$ (23,009)	\$ (21,840)	\$ (48,669)	\$ (43,405)
Compensating interest expense.....	\$ (8,899)	\$ (7,657)	\$ (17,111)	\$ (13,621)
Non-interest expense.....	\$ 23,663	\$ 15,472	\$ 47,918	\$ 31,920

- . The increase in fees in 2004, as compared to the same periods of 2003, is primarily the result of average volume growth. Earnings on float balances have increased as a result of volume growth, but these earnings remain low due to low short-term interest rates. The yield we earned on float balances averaged 0.85% and 1.16% during the second quarter of 2004 and 2003, respectively, and 0.90% and 1.15% for the first six months of 2004 and 2003, respectively. See "Non-interest Revenue - Servicing and Related Fees" for a detail of the principal components of servicing and related fees.
- . The rate of amortization on servicing rights has increased in response to increased projected prepayment volumes. The balance of mortgage servicing rights declined during the first six months of 2004 as amortization exceeded purchases by \$30,321. See "Changes in Financial Condition - Mortgage Servicing Rights."
- . The increase in compensating interest expense on loans repaid before the end of a calendar month reflect higher prepayments in our servicing portfolio.
- . The increase in non-interest expense reflects costs associated with the property management contract we entered into with The U.S. Department of Veteran's Affairs ("the VA") in September 2003 and our reassumption in the fourth quarter of 2003 of certain collection activities which were previously outsourced to a third-party vendor. The total number of employees in this business segment averaged 1,499 and 1,252 during the second quarter of 2004 and 2003, respectively, and 1,469 and 1,267 for the first six months of 2004 and 2003, respectively. Our workforce in India assigned to this segment averaged 801 and 663 during the second quarter of 2004 and 2003, respectively, and 765 and 649 for the year to date periods of 2004 and 2003, respectively.
- . Non-interest expense for 2004 also reflects a \$1,393 increase in the provision for uncollectible advances and other servicing related receivables recorded during the first quarter.

OTX. Through this core segment we provide technology solutions for the mortgage and real estate industries. OTX products include a residential loan servicing system (REALServicing), a commercial loan servicing system (REALSynergy) and an internet-based mortgage loan processing application and vendor management system (REALTrans).

Selected information

	Three Months		Six Months	
For the periods ended June 30,	2004	2003	2004	2003
Pre-tax income (loss).....	\$ 1,534	\$ (2,645)	\$ (237)	\$ (5,972)
Non-interest revenue.....	\$ 6,688	\$ 2,534	\$ 9,887	\$ 5,007
Non-interest expense.....	\$ 5,154	\$ 5,179	\$ 10,123	\$ 10,979

The improvement in pre-tax results in the 2004 periods as compared to 2003 is primarily due to our REALServicing product. Pre-tax results for REALServicing improved by \$4,451 in the second quarter of 2004 as compared to 2003, and \$5,868 year to date 2004 as compared to 2003. Non-interest revenue for

the second quarter of 2004 includes \$2,900 of one-time fees (primarily documentation fees) associated with a service contract for the use of our REALServicing system.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Ocwen Realty Advisors. Through ORA we provide residential property valuation services to external customers in the wholesale lending community as well as our own residential real estate transactions.

Selected information

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Pre-tax income (loss).....	\$ 1,576	\$ 1,594	\$ 3,535	\$ 2,609
Property valuation fees.....	\$ 7,401	\$ 4,906	\$ 16,597	\$ 8,726
Non-interest expense:				
Appraisal expenses.....	\$ 5,015	\$ 2,696	\$ 12,110	\$ 4,832
Other.....	\$ 791	\$ 609	\$ 927	\$ 1,276
Gross margin.....	\$ 2,386	\$ 2,210	\$ 4,487	\$ 3,894

- The increase in property valuation fees and appraisal expenses reflects a significant increase in the volume of property valuation services performed, primarily as a result of the contract we entered into in September 2003 to service residential REO properties for the VA.

Ocwen Recovery Group. This core business conducts collection activities for third party owners of unsecured receivables and for a portfolio of unsecured credit card receivables that we acquired at a discount in 1999 and 2000. On collections for third party owners, we generally earn a fee based upon a percentage of the amount collected. We accounted for our collections of our unsecured credit card receivables portfolio under the cost recovery method through the end of 2001 when we reduced the net book value of our unsecured receivables to zero as a result of collections and additional reserves. Beginning in 2002, income on that portfolio is recognized as cash is collected.

Selected information

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Pre-tax income (loss).....	\$ 889	\$ 964	\$ 2,290	\$ 2,281
Non-interest revenue:				
Third-party collection fees.....	\$ 2,625	\$ 1,942	\$ 5,604	\$ 3,902
Recoveries of unsecured credit card receivables owned.....	\$ 492	\$ 689	\$ 965	\$ 1,546
Other.....	\$ 63	\$ 22	\$ 89	\$ 57
Non-interest expense.....	\$ 2,291	\$ 1,688	\$ 4,368	\$ 3,224

Business Process Outsourcing. Business Process Outsourcing provides outsourcing services, including data processing, call center maintenance, mortgage research and others, to third parties and leverages the operational capacity of our facilities in India. This Business segment began operations in December 2002. Results reflect the initiation of new outsourcing contracts in the third quarter of 2003.

Selected information

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Pre-tax income (loss).....	\$ 707	\$ (77)	\$ 1,104	\$ 4
Non-interest revenue.....	\$ 2,193	\$ 401	\$ 4,348	\$ 752
Non-interest expense.....	\$ 1,481	\$ 478	\$ 3,236	\$ 748

Commercial Servicing. This segment now includes the results of both our domestic and international servicing of commercial assets. Previously, domestic commercial servicing was included as a component of the Commercial Finance segment, and the results of our international operations was reported as a separate segment. International servicing is conducted through GSS, our joint servicing venture with Merrill Lynch. As of the end of 2003, our two offices in Tokyo, Japan and Taipei, Taiwan were fully operational. We are also in the process of establishing servicing offices in other locations, including Canada and Germany. We have established consulting operations in the United Kingdom and China. At June 30, 2004, this segment serviced a total of 9,060 loans with an aggregate unpaid principal balance of \$12,466,252, the majority of which were serviced by our office in Japan.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Selected information

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Pre-tax income (loss).....	\$ (226)	\$ (784)	\$ (3)	\$ (2,165)
Servicing and related fees.....	\$ 3,413	\$ 1,296	\$ 6,911	\$ 2,630
Non-interest expense.....	\$ 3,662	\$ 2,203	\$ 6,968	\$ 5,067

- The results for the 2004 periods as compared to 2003 primarily reflect growth in our international servicing of commercial assets through GSS. See "Non-Interest Revenue - Servicing and Related Fees."

Non-Core Businesses

Commercial Assets. Results for this non-core segment reflect our continuing exit from our loan and real estate businesses. We have not purchased any commercial assets since 2000. See "Changes in Financial Condition - Loans, Net". Since then, this business has consisted of the management, repositioning and resolution of the remaining non-core assets. At June 30, 2004 the non-core assets remaining in this business consisted of six loan and real estate assets and one unrated subordinate security with a fair value of \$3,943. These six assets consisted of one loan totaling \$7,134 and five real estate assets totaling \$67,466.

Selected information

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Pre-tax income (loss).....	\$ 190	\$ (4,239)	\$ (3,050)	\$ (6,668)
Net interest income (expense).....	\$ 512	\$ (2,096)	\$ 219	\$ (4,397)
Provision for loan losses.....	\$ (255)	\$ (3,373)	\$ (764)	\$ (3,458)
Non-interest revenue.....	\$ 252	\$ (4,586)	\$ (2,043)	\$ (3,420)
Non-interest expense.....	\$ 829	\$ 930	\$ 1,990	\$ 2,308

- The improvement in net interest income reflects a decline in real estate assets, which do not earn interest but are financed with interest-bearing liabilities. Also, in the second quarter of 2004 we recorded \$601 of interest income on our unrated subordinate security, reflecting the first cash flow received from this security.
- Non-interest revenue includes impairment charges on our real estate assets of \$1,877 and \$5,526 during the second quarter of 2004 and 2003, respectively. For the first six months of 2004 and 2003, impairment charges were \$3,777 and \$5,526, respectively.
- Non-interest revenue for 2004 also includes a \$1,366 unrealized gain in the second quarter on the unrated subordinate security, reflecting the probability of receiving additional cash flows in the future.
- The negative provision for loan losses in 2003 primarily resulted from the recovery of reserves on loan sales during the second quarter. See "Provisions for Loan Losses".

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Affordable Housing. Historically, we invested in affordable housing properties primarily through a series of limited partnerships. Except to complete those projects in which an investment had already been made, we ceased making investments in properties in 2000 as part of our shift in strategy to fee-based businesses and because the volume of tax credits being generated was exceeding our ability to utilize them effectively. Since that time, we have been marketing these properties for sale. Our investment in affordable housing properties consists of four properties and amounted to \$8,198 and \$7,410 at June 30, 2004 and December 31, 2003, respectively. In addition, this segment has \$3,635 of loans outstanding to limited partnership properties that we do not consolidate in our financial statements. During the second quarter, we entered into a contract to sell three of the four remaining properties. This transaction is in the due diligence phase and has not yet closed. We anticipate that new sources of financing will be established to repay the remaining loan balances. We regularly assess the carrying value of our remaining assets and provide additional loss reserves as appropriate. At June 30, 2004, our combined reserves associated with affordable housing properties and loans amount to 56% of the remaining book value of such assets as compared to 55% at December 31, 2003.

Subprime Finance. We were engaged in domestic subprime residential lending prior to ceasing originations in August of 1999; however, we have continued to manage and resolve the remaining non-core assets. At June 30, 2004, the non-core assets remaining in this business consisted primarily of unrated single family subprime residual trading securities with a fair value of \$37,044. These securities are presently generating income and return of principal through cash flows. See "Changes in Financial Condition - Trading Securities".

Selected information

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Pre-tax income (loss).....	\$ 3,623	\$ 5,785	\$ 6,127	\$ (1,700)
Interest income.....	\$ 3,572	\$ 4,656	\$ 6,644	\$ 9,486
Interest expense.....	\$ 323	\$ 284	\$ 653	\$ 627
Gain (loss) on trading securities, net.....	\$ 1,109	\$ 3,071	\$ 325	\$ 2,466
Non-interest expense.....	\$ 739	\$ 1,655	\$ 1,148	\$ 13,022

- . The decrease in interest income is largely the result of a decline in cash flow distributions received on single-family unrated subprime residual securities.
- . The \$11,874 decline in non-interest expense year to date 2004 compared to 2003 is primarily due to the \$10,000 charge recorded during the first quarter of 2003 related to the conclusion of the Admiral Home Loan arbitration.

Corporate Items and Other. Pre-tax results for this segment include business activities that are individually insignificant, interest income on cash and cash equivalents, interest expense on corporate assets, gains and losses from debt repurchases, and general corporate expenses. The table below presents the more significant amounts included in each of the periods indicated.

Selected information

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Pre-tax income (loss).....	\$ (2,644)	\$ (3,294)	\$ (2,138)	\$ (6,455)
Net interest expense.....	\$ 352	\$ 704	\$ 676	\$ 1,399
Corporate and technology expenses.....	\$ 2,545	\$ 2,635	\$ 5,628	\$ 5,484
Other income.....	\$ 253	\$ 45	\$ 4,166	\$ 428

- . Effective with our adoption of SFAS No. 150 effective July 1, 2003, distributions on our Capital securities are reported in the consolidated statement of operations as interest expense beginning in the third quarter of 2003. For purposes of this analysis, net interest expense includes distributions on Capital Securities for all periods.
- . Other income for 2004 includes \$3,675 of interest income recognized during the first quarter on a federal income tax refund claim. See "Changes in Financial Condition - Receivables" for additional information regarding this claim.

See Note 7 to the Interim Consolidated Financial Statements, for additional information related to our operating segments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Non-Interest Revenue. The following table sets forth the principal components of our non-interest income during the periods indicated:

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Servicing and related fees.....	\$ 38,602	\$ 32,224	\$ 80,723	\$ 66,052
Vendor management fees.....	13,654	7,458	26,827	13,999
Gain (loss) on trading and match funded securities, net.....	2,503	3,188	1,860	2,765
Valuation gains (losses) on real estate.....	(1,974)	(6,308)	(3,825)	(6,009)
Gain (loss) on sales of real estate.....	81	13	(460)	92
Operating income (losses) from real estate.....	565	1,421	573	2,192
Gain (loss) on debt repurchases.....	--	(4)	--	(4)
Other income.....	4,984	1,409	11,604	2,697
	<u>\$ 58,415</u>	<u>\$ 39,401</u>	<u>\$ 117,302</u>	<u>\$ 81,784</u>
	=====	=====	=====	=====

Servicing and Related Fees. Our servicing and related fees are primarily comprised of fees we earned from investors for servicing residential mortgage loans on their behalf. The following table sets forth the principal components of our servicing and related fees by segment for the periods indicated:

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Residential Loan Servicing:				
Loan servicing and related fees:				
Loan servicing fees (1).....	\$ 43,354	\$ 38,352	\$ 89,301	\$ 77,962
Late charges.....	10,179	9,155	21,548	18,046
Interest on custodial accounts (2).....	2,750	2,434	5,763	4,274
Compensating interest expense (3).....	(8,899)	(7,657)	(17,111)	(13,621)
Amortization of servicing rights (4).....	(23,009)	(21,840)	(48,669)	(43,405)
Other, net.....	2,288	2,599	4,146	4,836
	<u>26,663</u>	<u>23,043</u>	<u>54,978</u>	<u>48,092</u>
Other fees:				
Default servicing fees.....	392	1,020	1,337	1,993
Retail banking fees.....	2,078	1,825	3,950	3,551
Other.....	1,435	2,416	4,332	4,871
	<u>30,568</u>	<u>28,304</u>	<u>64,597</u>	<u>58,507</u>
Other Segments (5):				
Loan servicing and related fees:				
Loan servicing fees.....	3,047	2,151	6,392	4,468
Late charges.....	158	537	453	854
Other, net (6).....	3,491	1,063	7,048	1,906
	<u>6,696</u>	<u>3,751</u>	<u>13,893</u>	<u>7,228</u>
Other fees.....	1,338	169	2,233	317
	<u>\$ 38,602</u>	<u>\$ 32,224</u>	<u>\$ 80,723</u>	<u>\$ 66,052</u>
	=====	=====	=====	=====

(1) The increase in residential loan servicing fees during 2004 as compared to 2003 is largely due to the growth in the average balance of residential loans we serviced for others. The average unpaid principal balance of loans serviced by our Residential Loan Servicing segment during the three months ended June 30, 2004 and 2003 amounted to \$35,676,776 and \$30,994,887, respectively. For the first six months of 2004 and 2003, the average balance of loans serviced was \$36,370,943 and \$30,730,460, respectively. See "Segment Results - Residential Loan Servicing".

(2) Interest we earned on custodial accounts during the holding period between collection of borrower payments and remittance to investors. These custodial accounts are held by an unaffiliated bank and are excluded from our statement of financial condition. The average balances held in these custodial accounts were approximately \$1,336,700 and \$870,400 for the second quarter of

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

2004 and 2003, respectively. Year to date, the balances in these accounts averaged \$1,208,300 and \$762,400 for 2004 and 2003, respectively.

- (3) A servicer of securitized loans is typically obligated to pay the securitization trust the difference between a full month of interest and the interest collected on loans that are repaid before the end of a calendar month. The increase in compensating interest expense reflects volume growth and an increase in loan prepayments.
- (4) The increase in amortization expense during 2004 as compared to 2003 reflects an increase in the rate of amortization to reflect projected prepayment volumes on subprime residential mortgage loans. See "Changes in Financial Condition - Mortgage Servicing Rights".
- (5) Other segments primarily includes Commercial Servicing, Ocwen Recovery Group and Business Process Outsourcing. See "Segment Results" for additional discussion regarding loan servicing and related fees for these segments.
- (6) Includes \$2,193 and \$401 of fees earned by our Business Process Outsourcing segment for the second quarter of 2004 and 2003, respectively. Year to date, these fees amounted to \$4,348 and \$752 for 2004 and 2003, respectively. See "Segment Results - Business Process Outsourcing".

The following table sets forth loans we serviced at the dates indicated. Non-performing loans serviced for others have been delinquent for 90 days or more. Performing loans serviced for others are current or have been delinquent for less than 90 days.

	Loans (1)		REO (2)		Total	
	Amount	Count	Amount	Count	Amount	Count
Residential Loan Servicing						
June 30, 2004:						
Performing.....	\$ 29,141,730	262,170	\$ --	--	\$ 29,141,730	262,170
Non-performing.....	4,111,232	49,838	1,515,405	21,714	5,626,637	71,552
	<u>\$ 33,252,962</u>	<u>312,008</u>	<u>\$ 1,515,405</u>	<u>21,714</u>	<u>\$ 34,768,367</u>	<u>333,722</u>
December 31, 2003:						
Performing.....	\$ 32,413,747	293,007	\$ --	--	\$ 32,413,747	293,007
Non-performing.....	4,306,047	52,585	977,564	14,000	5,283,611	66,585
	<u>\$ 36,719,794</u>	<u>345,592</u>	<u>\$ 977,564</u>	<u>14,000</u>	<u>\$ 37,697,358</u>	<u>359,592</u>
Commercial Servicing						
June 30, 2004:						
Performing.....	\$ 622,924	247	\$ --	--	\$ 622,924	247
Non-performing.....	11,782,519	8,783	60,809	30	11,843,328	8,813
	<u>\$ 12,405,443</u>	<u>9,030</u>	<u>\$ 60,809</u>	<u>30</u>	<u>\$ 12,466,252</u>	<u>9,060</u>
December 31, 2003:						
Performing.....	\$ 461,276	264	\$ --	--	\$ 461,276	264
Non-performing.....	12,148,555	7,434	85,290	40	12,233,845	7,474
	<u>\$ 12,609,831</u>	<u>7,698</u>	<u>\$ 85,290</u>	<u>40</u>	<u>\$ 12,695,121</u>	<u>7,738</u>

- (1) At June 30, 2004 we serviced 234,485 subprime loans with a total unpaid principal balance of \$27,613,286, as compared to 257,089 subprime loans with an unpaid principal balance of \$30,563,123 at December 31, 2003. Subprime loans represent residential loans we service which were made by others to borrowers who generally did not qualify under guidelines of the Fannie Mae and Freddie Mac ("nonconforming loans"). The decline in residential loans serviced at June 30, 2004 as compared to December 31, 2003 is the result of high prepayment rates and reduced purchases of servicing rights.
- (2) Included \$1,034,212 and \$480,388 of residential REO properties serviced for the VA at June 30, 2004 and December 31, 2003, respectively.

Vendor Management Fees. Vendor management fees are primarily comprised of property valuation fees earned by our ORA segment, fees earned from vendors in the REALTrans network and commissions on real estate sales. The increase in vendor management fees in 2004 as compared to 2003 primarily reflects an increase in the volume of valuation services performed by ORA, primarily as a result of the VA contract. See "Segment Profitability - Ocwen Realty Advisors".

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Gain (Loss) on Trading and Match Funded Securities, Net. Gain (loss) on trading and match funded securities, net, includes both unrealized gains (losses) on securities and realized gains (losses) resulting from sales thereof. The gains for 2004 include a \$1,366 unrealized gain on our commercial unrated subordinate security. The gains for 2003 were primarily the result of net unrealized gains on our unrated subprime residual and subordinate securities.

Valuation Gains (Losses) on Real Estate. We regularly assess the value of our remaining real estate assets and provide additional loss reserves or impairment charges as appropriate. During the second quarter of 2004 and 2003, we recorded \$1,877 and \$5,526 of such charges, respectively. The year to date loss for 2004 also includes a \$1,900 charge we recorded in the first quarter to reflect a loss in value on our retail shopping center located in Halifax, Nova Scotia. See "Changes in Financial Condition - Real Estate."

Gain (Loss) on Sales of Real Estate. The loss for the first six months of 2004 is primarily the result of a \$(591) loss on the sale of our office building located in Jacksonville, Florida during the first quarter.

Operating Income (Loss) from Real Estate. Operating results of our real estate include rental income, depreciation expense and operating expenses associated with holding and maintaining the properties. The decline in operating income in 2004 as compared to 2003 is largely due to sales of commercial real estate properties. Only three commercial properties remain at June 30, 2004. Operating income for 2003 also included \$346 of equity in earnings of loans accounted for as investments in real estate which were fully repaid as of December 31, 2003.

Other Income. The following table sets forth the principal components of other income by segment for the periods indicated:

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Residential Loan Servicing.....	\$ 2	\$ --	\$ 317	\$ 4
OTX (1).....	4,467	508	5,378	675
Unsecured Collections (2).....	524	714	1,028	1,610
Commercial Servicing.....	(2)	134	30	306
Commercial Assets.....	26	49	71	69
Affordable Housing.....	--	82	--	82
Subprime Finance.....	5	--	961	1
Corporate Items and Other (3).....	(38)	(78)	3,819	(50)
	<u>\$ 4,984</u>	<u>\$ 1,409</u>	<u>\$ 11,604</u>	<u>\$ 2,697</u>

(1) Includes \$2,900 of one-time fees earned during the second quarter, primarily documentation fees, associated with a service contract for the use of our REALServicing system. See "Segment Results - OTX".

(2) Primarily comprised of collections of credit card receivables accounted for under the cost recovery method. See "Segment Results - Ocwen Recovery Group".

(3) Includes \$3,675 of interest income recorded during the first quarter of 2004 on a federal tax refund claim due from the Internal Revenue Service ("IRS"). Our policy is to recognize interest income on income tax receivable balances upon receipt of a written finding from the IRS agent that validates our claim. See "Changes in Financial Condition - Receivables".

Net Interest Income (Expense). Net interest income (expense) is the difference between the interest income earned from our interest-earning assets and the interest expense incurred on our interest-bearing liabilities. Net interest income (expense) is determined by net interest spread (i.e., the difference between the yield earned on our interest-earning assets and the rates incurred on our interest-bearing liabilities), the relative amount of interest-earning assets and interest-bearing liabilities and the degree of mismatch in the maturity and repricing characteristics of our interest-earning assets and interest-bearing liabilities.

In addition to interest income reported in this caption, we also earn interest on the balance of custodial accounts we hold in connection with our Residential Loan Servicing business. These amounts are reported as a component of servicing fees and are not included in the following information.

Our net interest income and net interest margin began declining in 2000 and have been negative since 2001. This trend reflects a decline in the ratio of interest-earning assets to interest-bearing liabilities, which has fallen from 98% for 1999 to 46% for both the second quarter of 2004 and 2003. Both our acquisition of OAC in 1999 and our change in strategic direction from capital-intensive businesses to fee-based sources of income have contributed to an increase in the relative amount of non-interest-earning assets (such as real estate, advances on loans serviced for others and mortgage servicing rights) that are funded by interest-bearing liabilities. We expect the trend of

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

net interest expense and negative net interest margin to continue as we dispose of our remaining non-core assets, a portion of which are interest-bearing, and increase non-interest-earning assets of our core businesses. While it has no impact on consolidated net income, the reclassification of our 10.875% Capital Securities to interest-bearing liabilities on July 1, 2003 as a result of our adoption of SFAS No. 150 has also had a negative impact on net interest income, margin and spread. At the same time, our redemption of the remaining \$33,065 balance of 12% subordinated debentures on September 30, 2003, the repayment of the remaining \$43,475 of 11.875% notes on October 1, 2003 (the maturity date) and the continuing reduction in brokered certificates of deposit all have had a positive impact on net interest income, spread and margin.

The following table sets forth, for the periods indicated, information regarding the total amount of income from our interest-earning assets and the resultant average yields, the interest expense associated with our interest-bearing liabilities, expressed in dollars and rates, and the net interest spread and net interest margin. Information is based on average daily balances during the indicated periods:

For the three months ended June 30,		2004			2003		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate	
Average Assets:							
Interest-earning cash and other	\$ 96,732	\$ 225	0.93%	\$ 29,679	\$ 96	1.29%	
Federal funds sold and repurchase agreements	137,928	350	1.02%	135,794	419	1.23%	
Trading securities (1):							
U.S. government and sponsored enterprise securities and CMOs (AAA-rated)	4,610	15	1.21%	10,500	14	0.65%	
Subordinates and residuals	41,650	4,300	41.31%	36,503	4,743	51.94%	
Loans (2)	27,719	710	10.25%	93,499	737	3.15%	
Match funded loans and securities (3)	21,756	362	6.66%	44,063	989	8.98%	
Total interest earning assets	330,395	5,962	7.22%	350,038	6,998	8.00%	
Advances on loans and loans serviced for others ..	330,815			288,805			
Mortgage servicing rights	146,373			172,251			
Match funded advances on loans serviced for others	108,642			118,546			
Other non-interest earning assets	304,491			350,460			
Total assets	\$ 1,220,716			\$1,280,100			
Average Liabilities and Stockholders Equity:							
Interest-bearing demand deposits	\$ 20,550	41	0.80%	\$ 17,005	61	1.43%	
Savings deposits	1,604	3	0.75%	1,423	3	0.84%	
Certificates of deposit (4)	461,572	3,634	3.15%	404,334	4,470	4.42%	
Total interest-bearing deposits	483,726	3,678	3.04%	422,762	4,534	4.29%	
Bonds-match funded agreements (5)	116,905	1,069	3.66%	136,106	1,258	3.70%	
Lines of credit and other secured borrowings (6) ..	60,745	820	5.40%	121,173	1,319	4.35%	
Notes and debentures (7)	56,249	1,529	10.87%	76,869	2,293	11.93%	
Total interest-bearing liabilities	717,625	7,096	3.96%	756,910	9,404	4.97%	
Escrow deposits	131,418			96,695			
Other non-interest bearing liabilities	37,931			64,958			
Total liabilities	886,974			918,563			
Capital Securities (7)	--			56,249			
Minority interest	1,318			1,561			
Stockholders' equity	332,424			303,727			
Total liabilities and stockholders' equity	\$ 1,220,716			\$1,280,100			
Net interest income (expense)		\$ (1,134)			\$ (2,406)		
Net interest spread			3.26%			3.03%	
Net interest margin			(1.37)%			(2.75)%	
Ratio of interest-earning assets to interest-bearing liabilities	46%			46%			

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

For the six months ended June 30,

	2004			2003		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Average Assets:						
Interest-earning cash and other	\$ 66,142	\$ 339	1.03%	\$ 20,815	\$ 146	1.40%
Federal funds sold and repurchase agreements	147,024	742	1.01%	120,237	737	1.23%
Trading securities (1):						
U.S. government and sponsored enterprise securities and CMOs (AAA-rated)	4,946	30	1.21%	13,310	(91)	(1.32)%
Subordinates and residuals	42,391	7,523	35.49%	36,679	9,713	52.95%
Loans (2)	36,217	1,170	6.46%	97,409	1,109	2.28%
Match funded loans and securities (3)	22,834	763	6.68%	47,056	2,141	9.10%
Total interest earning assets	319,554	10,567	6.61%	335,506	13,755	8.20%
Advances on loans and loans serviced for others ..	343,074			285,346		
Mortgage servicing rights	154,301			171,535		
Match funded advances on loans serviced for others	105,380			119,263		
Other non-interest earning assets	307,698			349,942		
Total assets	\$ 1,230,007			\$1,261,592		
Average Liabilities and Stockholders Equity:						
Interest-bearing demand deposits	\$ 22,355	99	0.89%	\$ 16,818	121	1.44%
Savings deposits	1,661	6	0.72%	1,490	6	0.81%
Certificates of deposit (4)	459,338	7,610	3.31%	402,762	9,273	4.60%
Total interest-bearing deposits	483,354	7,715	3.19%	421,070	9,400	4.46%
Securities sold under agreements to repurchase ...	--	--	--%	500	3	1.20%
Bonds-match funded agreements (5)	115,561	2,096	3.63%	139,919	2,564	3.66%
Lines of credit and other secured borrowings (6)	81,828	2,028	4.96%	107,955	2,176	4.03%
Notes and debentures (7)	56,249	3,059	10.88%	76,922	4,588	11.93%
Total interest-bearing liabilities.. ..	736,992	14,898	4.04%	746,366	18,731	5.02%
Escrow deposits	126,153			93,237		
Other non-interest bearing liabilities	38,542			57,023		
Total liabilities	901,687			896,626		
Capital Securities (7)	--			56,249		
Minority interest	1,329			1,589		
Stockholders' equity	326,991			307,128		
Total liabilities and stockholders' equity	\$ 1,230,007			\$1,261,592		
Net interest income (expense)		\$ (4,331)			\$ (4,976)	
Net interest spread			2.57%			3.18%
Net interest margin			(2.71)%			(2.97)%
Ratio of interest-earning assets to interest-bearing liabilities	43%			45%		

(1) The decline in the average yield on subordinates and residual securities is largely the result of lower interest on our U.K. unrated single-family subprime residual securities. The increase in our average investment in subordinates and residuals is primarily due to the transfer in the second quarter of 2003 of securities previously reported as match funded, as noted in (3) below.

(2) The decline in the average balance of loans is a result of sales, resolutions and repayments, coupled with minimal acquisitions and originations. This reflects our strategic decision to exit non-core businesses and dispose of the related assets. The average balances include non-performing loans, interest on which is recognized on a cash basis.

(3) The decline in the average balance of match funded loans and securities was primarily the result of principal repayments received on the loans and the transfer of the match funded securities to residual trading securities during the second quarter of 2003 as a result of the repurchase and retirement of the related match funded debt.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

- (4) The increase in the average balance of certificates of deposits resulted primarily from an increase in non-brokered certificates of deposit, offset in part by maturing brokered certificates of deposit. We have not issued any new brokered certificates of deposit since 2000. The decline in the average rate earned on deposits reflects the replacement of maturing brokered certificates of deposit with non-brokered certificates of deposit, that have lower rates of interest because of the current interest rate environment. See "Changes in Financial Condition - Deposits".
- (5) The decline in the average balance of bonds match funded agreements is principally due to principal repayments, offset by amortization. In addition, in the second quarter of 2003 the match funded debt related to the match funded unrated residual securities was repurchased and retired as noted above.
- (6) The decline in the average balance of lines of credit and other secured borrowings is due to repayments and maturities. See "Changes in Financial Condition - Lines of Credit and Other Secured Borrowings".
- (7) The decline in the average balance of notes and debentures outstanding resulted primarily from repurchases and maturities of notes and debentures during 2003, offset in part by the transfer of our \$56,249 of 10.875% Capital Securities to notes and debentures effective with the adoption of SFAS No. 150 on July 1, 2003. Distributions on Capital Securities are included in interest expense on notes and debentures effective with the adoption of SFAS No. 150. See "Changes in Financial Condition - Notes and Debentures".

The following table describes the extent to which changes in interest rates and changes in volume of interest-earning assets and interest-bearing liabilities have affected our interest income and expense during the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (change in volume multiplied by prior rate), (ii) changes in rate (change in rate multiplied by prior volume) and (iii) total change in rate and volume. Changes attributable to both volume and rate have been allocated proportionately to the change due to volume and the change due to rate.

For the periods ended June 30,	Three Months			Six Months		
	2004 vs. 2003			2004 vs. 2003		
	Favorable (Unfavorable) Variance			Favorable (Unfavorable) Variance		
	Rate	Volume	Total	Rate	Volume	Total
Interest Income from Interest-Earning Assets						
Interest earning cash and other	\$ (34)	\$ 163	\$ 129	\$ (48)	\$ 241	\$ 193
Federal funds sold and repurchase agreements	(75)	6	(69)	(144)	149	5
Trading securities:						
U.S. government and sponsored enterprise securities and CMOs (AAA-rated)	10	(13)	(3)	89	29	118
Subordinates and residuals	(1,052)	613	(439)	(3,540)	1,353	(2,187)
Loans	769	(796)	(27)	1,085	(1,024)	61
Match funded loans and securities	(212)	(415)	(627)	(469)	(909)	(1,378)
Total interest income from interest-earning assets	(594)	(442)	(1,036)	(3,027)	(161)	(3,188)
Interest Expense on Interest-Bearing Liabilities						
Interest-bearing demand deposits	31	(11)	20	55	(33)	22
Savings deposits	--	--	--	1	(1)	--
Certificates of deposit	1,409	(573)	836	2,842	(1,179)	1,663
Total interest-bearing deposits	1,440	(584)	856	2,898	(1,213)	1,685
Securities sold under agreements to repurchase ...	--	--	--	--	3	3
Bonds-match funded agreements	13	176	189	21	447	468
Lines of credit and other secured borrowings	(265)	764	499	(442)	590	148
Notes and debentures	190	574	764	377	1,152	1,529
Total interest expense on interest-bearing liabilities	1,378	930	2,308	2,854	979	3,833
Favorable (unfavorable) variance, net	\$ 784	\$ 488	\$ 1,272	\$ (173)	\$ 818	\$ 645
	=====	=====	=====	=====	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Provisions for Loan Losses. At June 30, 2004, our total net loan balance was \$11,520 or 1% of total assets. Of this balance, \$7,134 represents one non-residential loan held in our Commercial Assets segment and \$3,635 represents three multi-family loans held in our Affordable Housing segment. Because of the small number of remaining loans, we are able to perform a specific risk assessment on each loan in the Commercial Assets and affordable Housing segments. Our risk assessment of loans in the Commercial Assets segment includes a review of the underlying loan collateral, general and local economic conditions, property type risk, borrower's capacity and willingness to pay, and projections of prospective cash flows based on property-specific events. For loans held in our affordable Housing business, we project the amounts to be realized from the disposition of the property to determine the appropriate allowance for loan losses. We also analyze the historical trends in the gains or losses on disposition and resolution of loans as compared to the allowance for loan losses at the time of disposition and resolution. The results of this analysis are also taken into consideration in evaluating the allowance for loan losses on the remaining loans. The allowance for loan losses is management's best estimate of probable inherent loan losses incurred as of June 30, 2004.

The following table presents the provisions for loan losses by business segment for the periods indicated:

	Three Months		Six Months	
For the periods ended June 30,	2004	2003	2004	2003
Loans:				
Commercial Assets	\$ (255)	\$ (3,373)	\$ (764)	\$ (3,458)
Affordable Housing	--	3	(29)	148
Corporate Items and Other	(23)	109	(21)	222
	(278)	(3,261)	(814)	(3,088)
Match funded loans:				
Corporate Items and Other	(9)	11	(5)	3
	\$ (287)	\$ (3,250)	\$ (819)	\$ (3,085)
	=====	=====	=====	=====

The negative loan loss provision for 2004 primarily reflects a reduction in non-performing loans in the Commercial Assets segment. Our allowance for loan losses as a percentage of non-performing loans has increased from 38.7% at December 31, 2003 to 66.5% at June 30, 2004. Overall, our allowance as a percentage of loans increased from 23.2% at December 31, 2003 to 32.9% at June 30, 2004. The negative provision that we recorded during 2003 results primarily from the recovery of reserves on sales of loans in the Commercial Assets segment during the second quarter. For additional information, see "Changes in Financial Condition - Loans, Net" and "Allowance for Loan Losses".

Non-Interest Expense. The following table sets forth the principal components of our non-interest expense during the periods indicated:

	Three Months		Six Months	
For the periods ended June 30,	2004	2003	2004	2003
Compensation and employee benefits	\$ 20,897	\$ 17,130	\$ 42,930	\$ 34,838
Occupancy and equipment	4,021	2,685	8,018	5,515
Technology and communication costs	6,616	4,497	13,285	8,994
Loan expenses	7,460	3,465	15,387	7,000
Loss (gain) on investments in affordable housing properties	(41)	(56)	(79)	314
Professional services and regulatory fees	7,316	4,060	13,141	19,344
Other operating expenses	2,199	2,554	5,256	4,850
	\$ 48,468	\$ 34,335	\$ 97,938	\$ 80,855
	=====	=====	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Compensation and Employee Benefits. The following table presents the principal components of compensation and benefits we incurred for the periods indicated:

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Salaries (1)	\$ 14,592	\$ 11,655	\$ 28,697	\$ 23,630
Bonuses (2)	2,514	2,374	5,209	5,243
Payroll taxes	968	792	2,702	2,026
Commissions	1,328	410	2,567	801
Insurance	702	553	1,227	1,073
Severance	70	736	978	817
Other (3)	723	610	1,550	1,248
	<u>\$ 20,897</u>	<u>\$ 17,130</u>	<u>\$ 42,930</u>	<u>\$ 34,838</u>
	=====	=====	=====	=====

(1) Salaries include fees paid for the services of temporary employees.

(2) Bonus expense includes compensation related to employee incentive awards of restricted stock and stock options.

(3) Other consists primarily of recruiting expenses, matching contributions to our 401(K) plan and fees paid to directors.

The increase in compensation and benefits in the 2004 periods as compared to the 2003 periods is primarily due to increases in salaries and commissions. The increase in salaries and commissions has occurred primarily because of an increase in the average number of our full-time employees, both in the U.S. and our India offices. Our total combined workforce (domestic and international) averaged 2,852 employees in the second quarter of 2004 as compared to 1,990 for the second quarter of 2003. For the year to date periods, our total number of employees averaged 2,663 and 1,915 in 2004 and 2003, respectively. An average of approximately 1,624 and 1,062 employees were based in our India locations during the second quarter of 2004 and 2003, respectively. For the first six months of 2004 and 2003, our India workforce averaged 1,553 and 969, respectively. Our reassumption of certain collection activities in the Residential Loan Servicing segment which were previously outsourced to a third-party vendor contributed to the growth in headcount and resulting increase in salaries and commissions. Severance for 2004 includes a one-time payment of \$750 during the first quarter to the former president of OTX in accordance with the terms of his employment agreement.

Occupancy and Equipment. The following table presents the principal components of occupancy and equipment costs for the periods indicated:

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Postage and mailing	\$ 1,284	\$ 1,077	\$ 2,843	\$ 2,076
Rent	679	719	1,388	1,736
Depreciation	671	692	1,368	1,393
Other (1)	1,387	197	2,419	310
	<u>\$ 4,021</u>	<u>\$ 2,685</u>	<u>\$ 8,018</u>	<u>\$ 5,515</u>
	=====	=====	=====	=====

(1) The increase in other occupancy and equipment costs is primarily the result of our reassuming certain collection activities in our Residential Loan Servicing segment during the fourth quarter of 2003 that were previously performed by a third party vendor.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Technology and Communication Costs. The following table presents the principle components of technology and communication costs for the years indicated:

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Depreciation:				
Hardware	\$ 1,522	\$ 1,787	\$ 3,095	\$ 3,646
Software	728	538	1,434	1,234
Other	146	132	288	214
	2,396	2,457	4,817	5,094
Telecommunications	1,803	1,308	3,290	2,765
Contract service and maintenance	1,123	675	1,621	1,332
Other (1)	1,294	57	3,557	(197)
	\$ 6,616	\$ 4,497	\$ 13,285	\$ 8,994
	=====	=====	=====	=====

(1) The increase in other technology and communication costs is largely due to our reassuming certain collection activities in our Residential Loan Servicing segment during the fourth quarter of 2003 that were previously performed by a third party vendor.

Loan Expenses. Loan expenses are primarily comprised of appraisal fees incurred in connection with property valuation services we provided through ORA, which amounted to \$5,015 and \$2,696 for the three months ended June 30, 2004 and 2003, respectively. For the first six months of 2004 and 2003, these appraisal fees were \$12,110 and \$4,832, respectively. The increase in ORA appraisal fees in the 2004 periods reflects an increase in the volume of property appraisals completed, primarily in connection with the VA contract. See "Segment Profitability - Ocwen Realty Advisors" for additional discussion of these costs. Loan expenses also include other miscellaneous expenses incurred in connection with loans we own and those we service for others.

Professional Services and Regulatory Fees. The following table presents the principal components of professional services and regulatory fees for the periods indicated:

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Legal fees and settlements (1)	\$ 4,995	\$ 2,201	\$ 8,329	\$ 15,209
Consulting fees (non-technology)	656	538	1,258	1,222
Audit and accounting fees	578	309	1,132	917
Corporate insurance	446	483	800	835
Other	641	529	1,622	1,161
	\$ 7,316	\$ 4,060	\$ 13,141	\$ 19,344
	=====	=====	=====	=====

(1) The \$6,880 decline in legal fees and settlements in the first six months of 2004 as compared to 2003 is primarily the result of a \$10,000 charge recorded during the first quarter of 2003 in connection with the arbitration award to the former owners of Admiral Home Loan.

Other Operating Expenses. The following table presents the principal components of other operating expenses for the periods indicated:

For the periods ended June 30,	Three Months		Six Months	
	2004	2003	2004	2003
Bad debt expense (1)	\$ 119	\$ 65	\$ 1,769	\$ 198
Travel, lodging, meals and entertainment	955	661	1,617	1,315
Amortization of deferred costs	160	323	424	678
Deposit related expense	127	154	324	397
Other	838	1,351	1,122	2,262
	\$ 2,199	\$ 2,554	\$ 5,256	\$ 4,850
	=====	=====	=====	=====

(1) Bad debt expense for 2004 includes a provision of \$1,393 recorded during the first quarter for estimated uncollectible servicing advances and other receivables related to our Residential Loan Servicing segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Distributions on Company Obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company. Cash distributions on the Capital Securities are payable semi-annually in arrears on February 1 and August 1 of each year at an annual rate of 10.875%. We recorded \$1,529 of such distributions to holders of the Capital Securities during both the three months ended June 30, 2004 and 2003, and distributions of \$3,059 during both the first six months of 2004 and 2003. Effective July 1, 2003 with our adoption of SFAS No. 150, these distributions are reported in the consolidated statement of operations as interest expense. See Note 3 to the Interim Consolidated Financial Statements.

Income Tax Expense (Benefit). The following table provides details of our income tax expense (benefit) for the periods indicated:

	Three Months		Six Months	
For the periods ended June 30,	2004	2003	2004	2003
Income tax expense (benefit) on income (loss) before taxes	\$ 2,642	\$ (1,918)	\$ 4,417	\$ (1,992)
Provision for valuation allowance on current year's deferred tax asset	(2,587)	2,223	(4,351)	2,604
Total income tax expense	\$ 55	\$ 305	\$ 66	\$ 612

Total income tax expense of \$55 and \$66 for the three and six months ended June 30, 2004 represents taxes related to our foreign subsidiaries. Income tax expense of \$305 and \$612 for the three and six months ended June 30, 2003 included \$25 and \$26 of taxes related to our foreign subsidiaries and \$280 and \$585 of tax payments related to our investment in non-economic tax residual securities that have no book value. Excluding these items, our effective tax rate was 35% for the three and six months ended June 30, 2004 and 2003.

The provision for deferred tax asset valuation allowance is a non-cash charge that we recorded to increase the aggregate valuation allowance. We estimated this valuation allowance based on our assessment of the portion of the deferred tax asset that will more likely than not be realized. Reversal of all or a portion of the valuation allowance may occur in the future based on the results of our operations.

Changes in Financial Condition

Trading Securities. The following table sets forth the fair value of our trading securities at the dates indicated:

	June 30, 2004	December 31, 2003
U.S. government and sponsored enterprise securities..	\$ 4,652	\$ 6,679
Subordinates and residuals:		
Single family residential		
BB-rated subordinates.....	\$ 568	\$ 579
B-rated subordinates.....	457	580
Unrated subordinates.....	268	222
Unrated subprime residuals.....	37,044	38,883
	38,337	40,264
Commercial unrated subordinates.....	3,943	2,577
	\$ 42,280	\$ 42,841

Subordinate and residual interests in mortgage-related securities provide credit support to the more senior classes of the mortgage-related securities. Principal from the underlying mortgage loans generally is allocated first to the senior classes, with the most senior class having a priority right to the cash flow from the mortgage loans until its payment requirements are satisfied. To the extent that there are defaults and unrecoverable losses on the underlying mortgage loans, resulting in reduced cash flows, the most subordinate security will be the first to bear this loss. Because subordinate and residual interests generally have no credit support, to the extent there are realized losses on the mortgage loans comprising the mortgage collateral for such securities, we may not recover the full amount or, indeed, any of our remaining investment in such subordinate and residual interests.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

The following table presents information regarding our subordinate and residual trading securities summarized by classification and rating at June 30, 2004:

Rating/Description (1)	Percent Owned by Ocwen	Anticipated Yield to Maturity at Purchase (2) (3)	Anticipated Yield to Maturity at 06/30/2004 (2) (4)	Coupon	Anticipated Weighted Average Remaining Life (2) (5)
Residential:					
BB-rated subordinates.....	100.00%	16.70%	10.90%	5.91%	4.01
B-rated subordinates.....	100.00%	17.17%	18.28%	5.84%	1.69
Unrated subordinates.....	100.00%	14.05%	38.31%	6.73%	0.10
Unrated subprime residuals..	100.00%	17.23%	9.85%	N/A	4.45
Commercial:					
Unrated Subordinates.....	25.00%	22.15%	12.10%	N/A	1.35

- (1) Refers to the credit rating designated by the rating agency for each securitization transaction. Classes designated "A" have a superior claim on payment to those rated "B." Additionally, multiple letters have a superior claim to designations with fewer letters. Thus, for example, "BBB" is superior to "BB," which in turn is superior to "B." The lower class designations in any securitization will receive interest payments after senior classes and will experience losses before any senior class. The lowest potential class designation is "unrated" which, if included in a securitization, will always receive interest last and experience losses first.
- (2) Subordinate and residual securities do not have a contractual maturity but are paid down over time as cash distributions are received. Because they do not have a stated maturity, we disclose the weighted average life of these securities.
- (3) Represents the effective yield from inception to maturity based on the purchase price and anticipated future cash flows under pricing assumptions.
- (4) Represents the effective yield based on the purchase price, actual cash flows received from inception until the respective date, and the then current estimate of future cash flows under the assumptions at the respective date. Changes in the June 30, 2004 anticipated yield to maturity from that originally anticipated are primarily the result of changes in prepayment assumptions and loss assumptions.
- (5) Represents the weighted average life in years based on the June 30, 2004 book value.

The mortgages that underlie our trading subordinate and residual securities, which totaled \$336,386 at June 30, 2004, are secured by properties located in forty-nine states and the United Kingdom. The aggregate value of mortgages in any one state or country did not exceed \$58,315.

Real Estate. Our real estate totaled \$68,080 or 5.7% of total assets at June 30, 2004 and consisted of the following at the dates indicated:

	June 30, 2004	December 31, 2003
Properties:		
Office building.....	\$ --	\$ 41,467
Retail.....	56,011	57,321
Hotel.....	6,187	6,171
Single family residential.....	615	882
	62,813	105,841
Accumulated depreciation.....	(3,592)	(7,118)
	59,221	98,723
Investment in real estate partnerships...	8,859	5,220
	\$ 68,080	\$ 103,943
	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Properties. Properties at June 30, 2004 consisted primarily of one shopping center located in Halifax, Nova Scotia, one shopping mall located in Florida and one hotel located in Michigan. The shopping mall, which had a carrying value of \$44,000 at June 30, 2004, and the hotel were originally acquired as a result of loan foreclosures. The \$39,502 decline in the carrying value of our properties during the six months ended June 30, 2004 was primarily due to the sale of our office building, which had a carrying value of \$37,553 at December 31, 2003, and \$2,793 of charges we recorded to reflect declines in fair value.

Investment in Real Estate Partnerships. Our investment at both June 30, 2004 and December 31, 2003 consisted of interests in two limited partnerships operating as real estate ventures, consisting of multi-family type properties. At December 31, 2003 we also had loans with combined net book value of \$4,771 (\$6,811 before discount and allowance for loan losses) due from one of the real estate ventures. During the first quarter of 2004 our loans to the venture were forgiven in exchange for an increased investment in the partnership. During the second quarter of 2004, we recorded an impairment charge of \$984 related to one of our partnership interests. See "Loans, Net" below.

Loans, Net. Our total net investment in loans of \$11,520 at June 30, 2004 represents 1.0% of total assets. Originations in 2004 represent loans we made to facilitate sales of real estate assets we owned. The decline in our investment reflects our strategy to dispose of these non-core assets.

Composition of Loans, Net. The following table sets forth the composition of our loans by business segment and type of loan at the dates indicated:

	June 30, 2004	December 31, 2003
Commercial Assets:		
Hotels.....	\$ --	\$ 10,600
Multifamily residential.....	8,153	14,964
	8,153	25,564
Unaccreted discount and deferred fees..	--	(1,015)
Allowance for loan losses.....	(1,019)	(3,786)
	7,134	20,763
Affordable Housing:		
Multifamily residential (1).....	7,985	10,924
Unsecured.....	200	200
	8,185	11,124
Allowance for loan losses.....	(4,550)	(4,579)
	3,635	6,545
Corporate Items and Other:		
Single family residential.....	1,272	1,307
Unaccreted discount and deferred fees..	(437)	(412)
Allowance for loan losses.....	(84)	(105)
	751	790
Loans, net.....	\$ 11,520	\$ 28,098

(1) Loans we made to affordable housing properties in which we have invested as a limited partner but do not consolidate in our financial statements.

Our mortgage loans at June 30, 2004 are secured by mortgages on property located in 14 states throughout the United States, none of which aggregated over \$3,750 in any one state.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Activity in Loans. The following table sets forth our loan activity at the dates indicated:

Balance at December 31, 2003.....	\$	28,098
Originations and repurchases (1).....		15,975
Resolutions and repayments (2).....		(29,521)
Other (3).....		(6,841)
Decrease (increase) in discount and deferred fees.....		991
Decrease (increase) in allowance for loan losses.....		2,818

Balance at June 30, 2004.....	\$	11,520
		=====

- (1) Originations represent loans made to facilitate sales of our own assets and fundings of construction loans we originated in prior years. Originations include a loan in the amount of \$15,500 made during the first quarter to facilitate the sale of our office building in Jacksonville, Florida. This loan was repaid during the second quarter. See "Real Estate". Repurchases represent acquisitions of single-family residential discount loans previously sold.
- (2) Resolutions and repayments consists of loans that were resolved in a manner which resulted in partial or full repayment of the loan to us, as well as principal payments on loans which have been brought current in accordance with their original or modified terms (whether pursuant to forbearance agreements or otherwise) or on other loans that have not been resolved.
- (3) As discussed in the "Real Estate" section, our loans to a real estate partnership in which we also had an equity ownership interest were converted to an increased investment in the partnership.

The following table sets forth certain information related to our non-performing loans at the dates indicated:

	June 30, 2004	December 31, 2003
	-----	-----
Non-performing loans (1).....	\$ 8,506	\$ 21,898
Non-performing loans as a percentage of: (1)		
Total loans (2).....	49.5%	59.9%
Total assets.....	0.7%	1.8%
Allowance for loan losses as a percentage of:		
Total loans (2).....	32.9%	23.2%
Non-performing loans (1).....	66.5%	38.7%

- (1) Loans which are contractually past due 90 days or more in accordance with the original terms of the loan agreement. We do not accrue interest on loans past due 90 days or more.
- (2) Total loans are net of unaccrued discount, unamortized deferred fees and undisbursed loan funds.

See "Changes in Financial Condition - Allowance for Loan Losses" below for additional information regarding the allowance for loan losses.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Allowances for Loan Losses. As discussed in the "Results of Operations - Provision for Loan Losses" section, we maintain an allowance for loan losses for each of our loans at a level that we consider adequate to provide for probable losses based upon an evaluation of known and inherent risks. The following table sets forth (a) the breakdown of the allowance for loan losses and loan balance in each segment and (b) the percentage of allowance and loans in each segment to totals in the respective segments at the dates indicated:

	June 30, 2004				December 31, 2003			
	Allowance		Loan Balance		Allowance		Loan Balance	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	-----	-----	-----	-----	-----	-----	-----	-----
Loans:								
Commercial Assets.....	\$ 1,019	18.0%	\$ 8,153	47.5%	\$ 3,786	44.7%	\$ 24,549	67.1%
Affordable Housing.....	4,550	80.5%	8,185	47.7%	4,579	54.1%	11,124	30.4%
Corporate Items and Other....	84	1.5%	835	4.8%	105	1.2%	895	2.5%
	-----	-----	-----	-----	-----	-----	-----	-----
	\$ 5,653	100.0%	\$ 17,173	100.0%	\$ 8,470	100.0%	\$ 36,568	100.0%
	=====	=====	=====	=====	=====	=====	=====	=====
Match funded loans:								
Corporate Items and Other....	\$ --	--%	\$ 21,416	81.8%	\$ 94	100.0%	\$ 24,393	100.0%
Commercial Servicing.....	89	100.0%	4,770	18.2%	--	--%	--	--%
	-----	-----	-----	-----	-----	-----	-----	-----
	\$ 89	100.0%	\$ 26,186	100.0%	\$ 94	100.0%	\$ 24,393	100.0%
	=====	=====	=====	=====	=====	=====	=====	=====

The allocation of the allowance to each category is not necessarily indicative of future losses and does not restrict use of the allowance to absorb losses in any other category.

The following table sets forth an analysis of activity in the allowance for losses relating to our loans and match funded loans at the dates indicated:

Balance at December 31, 2003.....	\$ 8,564
Provision for loan losses.....	(819)
Charge-offs.....	(2,003)

Balance at June 30, 2004.....	\$ 5,742
	=====

Match Funded Assets. Match funded assets are comprised of the following at the dates indicated:

	June 30, 2004	December 31, 2003
	-----	-----
Single family residential loans (1).....	\$ 21,416	\$ 24,393
Commercial loans.....	4,770	--
Allowance for loan losses.....	(89)	(94)
	-----	-----
Match funded loans, net.....	26,097	24,299
	-----	-----
Match funded advances on loans serviced for others:		
Principal and interest.....	56,950	54,516
Taxes and insurance.....	28,353	30,176
Other.....	21,375	21,096
	-----	-----
	106,678	105,788
	-----	-----
	\$ 132,775	\$ 130,087
	=====	=====

(1) Includes \$1,814 and \$2,321 of non-performing loans at June 30, 2004 and December 31, 2003, respectively.

We acquired single-family residential match funded loans in connection with our acquisition of OAC. OAC had previously securitized these loans and transferred them to a real estate mortgage investment conduit on November 13, 1998. The transfer did not qualify as a sale for accounting purposes since we retained effective control of the loans transferred. Accordingly, we report the proceeds that we received from the transfer as a liability (bonds-match funded agreements). The \$2,977 decline during the first six months of 2004 was largely due to repayment of loan principal.

The single-family residential match funded loans at June 30, 2004 are secured by mortgages on properties located in 38 states, none of which aggregated over \$3,517 in any one state.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Commercial match funded loans held by our GSS subsidiary in Japan resulted from the transfer, on a non-recourse basis, of an undivided 100% participation interest in certain real estate loans to a Japanese subsidiary of Merrill Lynch on March 30, 2004 in exchange for cash. The transfer did not qualify as a sale for accounting purposes as we did not meet all of the conditions for surrender of control over the transferred loans. Accordingly, we report the amount of proceeds we received from the transfer as a secured borrowing with pledge of collateral (bonds-match funded agreements).

Match funded advances on loans serviced for others resulted from the transfer of certain residential loan servicing related advances to a third party in exchange for cash. The original and subsequent transfers did not qualify as a sale for accounting purposes since we retained effective control of the advances. Accordingly, we report the amount of proceeds we received from the transfers as a secured borrowing with pledge of collateral (bonds-match funded agreements). See "Bonds-Match Funded Agreements".

Advances on Loans and Loans Serviced for Others. Advances consisted of the following at the dates indicated:

	June 30, 2004	December 31, 2003
Loans	\$ 341	\$ 436
Loans serviced for others.....	336,979	374,333
	<u>\$ 337,320</u>	<u>\$ 374,769</u>
	=====	=====

During any period in which the borrower is not making payments, we are required under certain servicing agreements to advance our own funds to meet contractual principal and interest remittance requirements for certain investors, pay property taxes and insurance premiums and process foreclosures. We generally recover such advances from borrowers for reinstated and performing loans and from investors for foreclosed loans. We record a charge to the extent that we estimate that advances are uncollectible, taking into consideration the age and nature of the advance and our historical loss experience, among other factors. The balances of advances on loans serviced for others do not include match funded advances that are transferred to a third party in a transaction that does not qualify as a sale for accounting purposes and that we account for as a secured borrowing. See "Match Funded Assets".

Mortgage Servicing Rights. The unamortized balance of our mortgage servicing rights is primarily related to residential assets. Our investment decreased by \$30,321 during the six months ended June 30, 2004 as amortization exceeded purchases. The rate of amortization reflects increased projected prepayment volumes on subprime residential mortgage loans. The following table sets forth the activity in our mortgage servicing rights at the dates indicated:

Balance at December 31, 2003.....	\$ 166,495
Purchases.....	18,348
Amortization.....	(48,669)
	<u>-----</u>
Balance at June 30, 2004.....	<u>\$ 136,174</u>
	=====

At June 30, 2004, we serviced loans under approximately 330 servicing agreements for 22 investors. Purchases during the six months ended June 30, 2004 were all for residential assets.

Receivables. Receivables consisted of the following at the dates indicated:

	June 30, 2004	December 31, 2003
Residential Loan Servicing (1).....	\$ 10,849	\$ 18,564
OTX	3,080	1,442
Ocwen Realty Advisors.....	2,933	962
Unsecured Collections.....	209	260
Business Process Outsourcing.....	1,587	969
Commercial Servicing.....	2,097	1,324
Commercial Assets.....	1,134	2,848
Affordable Housing (2).....	23,116	25,581
Corporate Items and Other (3).....	29,286	36,207
	<u>\$ 74,291</u>	<u>\$ 88,157</u>
	=====	=====

(1) Consist principally of fees earned and reimbursable expenses due from investors.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

- (2) Primarily represents future payments of proceeds from the sale of investments in affordable housing properties, net of an unaccrued discount of \$2,371 and \$2,901 at June 30, 2004 and December 31, 2003, respectively. Balances are net of reserves for doubtful accounts. In July 2004, approximately \$7,544 of installment payments were received related to the balance outstanding at June 30, 2004.
- (3) Includes \$22,008 and \$21,465 at June 30, 2004 and December 31, 2003, respectively, of federal tax refund claims, which are pending completion of IRS examination that is required by the Joint Committee on taxation of the U.S. Congress before the claims can be paid. We have received a written finding from the IRS agent that validates our claim for \$14,966 of the amounts due to us. This claim has been sent to the Joint Committee for final review and approval of the payment to us. At December 31, 2003, the receivables balance for this segment also included amounts related to our overnight collection account activities.

Other Assets. Other assets consisted of the following at the dates indicated:

	June 30, 2004	December 31, 2003
Loans held for resale (1).....	\$ 11,124	\$ --
Interest earning insurance collateral deposits (2).....	8,844	8,813
Deferred tax assets, net (3).....	8,141	7,547
Investments (4).....	6,719	4,293
Deposits on purchases of mortgage servicing rights.....	3,372	--
Deferred debt related costs, net.....	2,717	3,114
Capitalized software development costs, net.....	1,830	2,599
Goodwill, net.....	1,618	1,618
Other.....	5,775	5,623
	<u>\$ 50,140</u>	<u>\$ 33,607</u>
	=====	=====

- (1) Loans originated in response to requests from Residential Loan Servicing customers to refinance their mortgage. Only loans with sales commitments prior to closing are originated under this program. During July 2004, approximately \$9,400 of these loans were sold.
- (2) These deposits were required in order to obtain surety bonds for affordable housing properties that we sold before the end of the fifteen-year tax credit amortization period, and on which we have previously claimed tax credits on our income tax returns. The surety bond is necessary in order to avoid the recapture of those tax credits previously claimed.
- (3) Deferred tax assets are net of valuation allowances of \$191,005 and \$201,445 at June 30, 2004 and December 31, 2003, respectively. See "Results of Operations - Income Tax Expense (Benefit)". (4) The \$2,426 increase in the balance during the six months ended June 30, 2004 represents an investment by the Bank in a mutual fund that invests in assets that meet the requirements under the Community Reinvestment Act.

Deposits. The following table sets forth information related to our deposits at the dates indicated:

	June 30, 2004			December 31, 2003		
	Amount	Weighted Average Rate	% of Total Deposits	Amount	Weighted Average Rate	% of Total Deposits
Non-interest bearing checking accounts	\$ 6,805	--%	1.5%	\$ 4,879	--%	1.1%
NOW and money market checking accounts	20,093	0.74%	4.4%	18,313	0.90%	4.1%
Savings accounts	1,574	0.75%	0.3%	1,657	1.00%	0.4%
	<u>28,472</u>		<u>6.2%</u>	<u>24,849</u>		<u>5.6%</u>
Certificates of deposit (1) (2)	427,197			421,657		
Unamortized deferred fees	--			(118)		
Total certificates of deposit	<u>427,197</u>	<u>3.04%</u>	<u>93.8%</u>	<u>421,539</u>	<u>3.41%</u>	<u>94.4%</u>
	<u>\$ 455,669</u>		<u>100.0%</u>	<u>\$ 446,388</u>		<u>100.0%</u>
	=====		=====	=====		=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

- (1) Included \$48,192 and \$84,328 at June 30, 2004 and December 31, 2003, respectively, of brokered deposits originated through national, regional and local investment banking firms that solicit deposits from their customers, all of which are non-cancelable.
- (2) At June 30, 2004 and December 31, 2003, certificates of deposit with outstanding balances of \$100 or more amounted to \$138,657 and \$142,408, respectively. Of those deposits at June 30, 2004, \$37,680 were from political subdivisions in New Jersey and were secured or collateralized as required under state law. The basic insured amount of a depositor is \$100. Deposits maintained in different categories of legal ownership are separately insured.

The following table sets forth the remaining maturities of our time deposits with balances of \$100 or more at June 30, 2004:

Matures within three months.....	\$	40,214
Matures after three months through six months.....		30,343
Matures after six months through twelve months.....		33,690
Matures after twelve months.....		34,410

	\$	138,657
		=====

Escrow Deposits. Escrow deposits on our loans and loans we serviced for others amounted to \$138,661 and \$116,444 at June 30, 2004 and December 31, 2003, respectively. The balance consisted principally of custodial deposit balances representing collections that we made from borrowers for the payment of taxes and insurance premiums on mortgage properties underlying loans that we serviced for others. Such balances amounted to \$115,227 and \$96,924 at June 30, 2004 and December 31, 2003, respectively. See "Results of Operations - Non-Interest Income - Servicing and Related Fees".

Bonds-Match Funded Agreements. Bonds-match funded agreements represent proceeds received from transfers of loans and advances on loans serviced for others. Because we retained effective control over the assets transferred, these transfers did not qualify as sales for accounting purposes, and therefore we report them as secured borrowing with pledges of collateral. See "Match Funded Assets" for additional details regarding these transactions. Bonds-match funded agreements were comprised of the following at the dates indicated:

Collateral (Interest Rate)	Interest Rate	June 30, 2004	December 31, 2004
-----	-----	-----	-----
Single family loans (1)	LIBOR plus 65-70 basis points	\$ 16,965	\$ 20,427
Commercial loans		4,770	--
Advances on loans serviced for others (2)	LIBOR plus 175 basis points	96,010	94,967
		-----	-----
		\$ 117,745	\$ 115,394
		=====	=====

- (1) The decline in the balance outstanding during the six months ended June 30, 2004 was due to principal repayments.
- (2) Under the terms of the agreement, we are eligible to sell additional advances on loans serviced for others up to a maximum balance of \$200,000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Lines of Credit and Other Secured Borrowings. We have obtained secured borrowings from unaffiliated financial institutions as follows:

Borrowing Type	Collateral	Maturity	Interest Rate (1)	June 30, 2004	December 31, 2003
Line of credit	Advances on loans serviced for others (2)	March 2004	LIBOR + 200 basis points	\$ --	\$ 68,548
Secured loan	Trading securities - unrated subprime residuals (UK)	August 2004	LIBOR + 275 basis points	6,615	11,562
Installment notes	Purchased mortgage servicing rights	July 2004	2.81%	--	2,332
Line of credit	Advances on loans serviced for others (3)	October 2004	LIBOR + 200 basis points	8,994	9,386
Term loan	Loan receivable	(4)	LIBOR + 250 basis points	--	3,235
Senior secured credit agreement	Purchased mortgage servicing rights and advances on loans serviced for others (5)	April 2005	LIBOR + 162.5 or 225 basis points	22,473	35,321
Mortgage note	Real estate - office building	(6)	LIBOR + 350 basis points, floor of 5.75%	--	20,000
Senior secured credit agreement	Purchased mortgage servicing rights	December 2005	LIBOR + 250 basis points	12,500	--
				<u>\$ 50,582</u>	<u>\$ 150,384</u>

(1) 1-month LIBOR was 1.37% and 1.12% at June 30, 2004 and December 31, 2003, respectively.

(2) This line was fully repaid during the first quarter of 2004 and was not renewed upon maturity.

(3) Maximum amount of borrowing under this facility is \$100,000.

(4) The contractual maturity of the loan was March 2005; however, we repaid the loan during the first quarter of 2004.

(5) Subsequent to December 31, 2003, the original maturity date of April 2004 was extended to April 2005, and the maximum amount of borrowing under this facility was increased from \$60,000 to \$70,000.

(6) We sold our office building in January 2004, and the buyer assumed this note at that time.

Each of our credit facilities provides qualitative and quantitative covenants that establish, among other things, the maintenance of specified net worth and liquidity, and restrictions on future indebtedness, as well as the monitoring and reporting of various specified transactions or events.

Notes and Debentures. Notes and debentures consist of our 10.875% Capital Securities due August 1, 2007 and amounted to \$56,249 at both June 30, 2004 and December 31, 2003.

Stockholders' Equity. Stockholders' equity increased \$19,741 during the six months ended June 30, 2004. The increase was primarily due to net income of \$15,854, the issuance of common stock resulting from exercises of stock options, and the issuance of restricted common stock to employees as part of our annual incentive awards. See the Consolidated Statements of Changes in Stockholders' Equity in the Interim Consolidated Financial Statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

Liquidity, Commitments and Off-Balance Sheet Risks

Our primary sources of funds for liquidity are:

- . Lines of credit and other secured borrowings
- . Match funded debt
- . Notes
- . Servicing fees
- . Payments received on loans and securities
- . Proceeds from sales of assets
- . Deposits

At June 30, 2004, we had \$269,698 of unrestricted cash and cash equivalents. Under certain of our credit facilities we are required to maintain minimum liquidity levels. We closely monitor our liquidity position and ongoing funding requirements. Among the risks and challenges associated with our funding activities are the following:

- . Scheduled maturities of all certificates of deposit for the twelve months ending June 30, 2005, the twelve months ending June 30, 2006 and thereafter amount to \$282,464, \$93,120 and \$51,613, respectively.
- . Maturity of existing collateralized lines of credit and other secured borrowings totaling \$38,082 during the next twelve months, including \$15,609 during the remainder of 2004.
- . Potential extension of resolution and sale timelines for non-core assets.
- . Ongoing cash requirements to fund operations of our holding company.
- . Cash requirements to fund our acquisition of additional servicing rights and related advances.

While we have not issued brokered deposits since mid-2000, which amounted to \$48,192 at June 30, 2004, we continue to use non-brokered deposits as a source of funding. Our reliance on deposits has been reduced through sales of non-core assets, and by diversifying our funding sources, including obtaining credit facilities for servicing rights and advances. If, as described under "Banking Operations," we cease to control a federal savings bank, we would no longer be able to rely on non-brokered deposits obtained through the Bank as a source of funding.

As described in Note 9 to the Interim Consolidated Financial Statements, on July 28, 2004 we issued \$175,000 aggregate principal amount of 3.25% Convertible Notes due 2024. The notes are convertible at the option of the holders, if certain conditions are met, into shares of our common stock. We have used 25% of the gross proceeds of the sale of the Convertible Notes to repurchase, in privately negotiated transactions concurrent with the private placement of the Convertible Notes, 4,850,000 shares of our common stock at a price of \$9.02 per share. We intend to use the remaining proceeds, net of underwriting discount and other expenses, for general corporate purposes.

In the last several years, our Residential Loan Servicing business has grown through the purchase of servicing rights. Servicing rights entitle the owner to earn servicing fees and other types of ancillary income and impose various obligations on the servicer. Among these are the obligations to advance our own funds to meet contractual principal and interest payments for certain investors and to pay taxes, insurance and various other items that are required to preserve the assets being serviced.

Our ability to continue to expand our servicing business depends in part on our ability to obtain additional financing to purchase new servicing rights and to fund servicing advances. We currently use a variety of sources of debt to finance these assets, including deposits, credit facilities and seller financing. Our credit facilities provide financing to us at amounts that are less than the full value of the related servicing assets that serve as collateral for the credit facilities. If we cannot replace or renew these sources as they mature or obtain additional sources of financing, we may be unable to acquire new servicing rights or make the associated advances.

Under a match funding agreement that we entered into on December 20, 2001, we are eligible to sell advances on loans serviced for others up to a maximum debt balance of \$200,000 at any one time. At June 30, 2004, we had \$96,010 of bonds-match funded agreements outstanding under this facility, which will mature in January 2006. The sales of advances do not qualify as sales for accounting purposes; therefore, we report them as secured borrowings with pledges of collateral.

Under a revolving credit facility executed in October 2003, we have the right to borrow up to \$100,000 secured by a pledge of servicing advances as collateral. The facility will mature in October 2004. The balance outstanding under this facility at June 30, 2004 was \$8,994.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - (Continued)
(Dollars in thousand, except share data)

In April 2003, we also entered into a \$60,000 secured credit agreement that may be used to fund servicing advances and acquisitions of servicing rights. The agreement matured April 2004 and was renewed to April 2005. The size of the facility was increased to \$70,000. At June 30, 2004, we had a balance outstanding under this agreement of \$22,473.

In June 2003, we entered into a secured loan agreement under which we borrowed \$18,846. This agreement, which is secured by the assignment of our interest in U.K. unrated subprime residual securities, matured in June 2004 and was renewed to August 2004. As of June 30, 2004, the outstanding balance had been reduced to \$6,615 through the assignment of principal and interest payments received on our unrated subprime residual securities.

In December 2003, we entered into a \$12,500 secured credit agreement under which any borrowings are collateralized by mortgage servicing rights. In January 2004, we borrowed \$12,500 under this facility, which is the balance outstanding as of June 30, 2004.

We believe that our existing sources of liquidity, including internally generated funds, will be adequate to fund our planned activities for the foreseeable future, although there can be no assurances in this regard. As discussed above, we continue to evaluate other sources of liquidity, such as lines of credit from unaffiliated parties, match funded debt and other secured borrowings.

Our operating activities provided \$103,062 and \$22,180 of cash flows during the six months ended June 30, 2004 and 2003, respectively. The improvement in operating cash flows primarily relates to advances on loans serviced for others, as collections exceeded new advances during the first six months of 2004. During the first six months of 2003, new advances exceeded collections.

Our investing activities provided cash flows totaling \$6,592 and \$735 during the six months ended June 30, 2004 and 2003, respectively. During the foregoing periods, cash flows from our investing activities were provided primarily from principal payments on loans and proceeds from sales of loans and real estate. We used cash flows from our investing activities primarily to purchase mortgage servicing rights and fund loans to facilitate the sales of real estate assets.

Our financing activities provided (used) cash flows of \$(43,636) and \$44,838 during the six months ended June 30, 2004 and 2003, respectively. Cash flows related to our financing activities in 2004 primarily resulted from repayment and maturities of lines of credit, offset in part by net increases in deposits and match funded debt. The increase in deposits was primarily due to certificates of deposit, as new non-brokered deposits exceeded maturing brokered deposits. The repayment of lines of credit is primarily due to the maturity of a revolving line collateralized by servicing advances. The financing cash flows for 2003 primarily represent proceeds from lines of credit, offset in part by net declines in deposits and match funded debt.

See the Consolidated Statements of Cash Flows in the Interim Consolidated Financial Statements for additional details regarding cash flows during the six months ended June 30, 2004 and 2003.

Commitments. We believe that we have adequate resources to meet our contractual obligations as they come due. Such contractual obligations include our Capital Trust Securities, lines of credit and other secured borrowings, certificates of deposit and operating leases. See Note 8 to our Interim Consolidated Financial Statements regarding our commitments and contingencies.

Off-Balance Sheet Risks. We are party to off-balance sheet financial instruments in the normal course of our business to manage our foreign currency exchange rate risk. See Note 4 to our Interim Consolidated Financial Statements and "Asset and Liability Management".

We conduct business with a variety of financial institutions and other companies in the normal course of business, including counter parties to our off-balance sheet financial instruments. We are subject to potential financial loss if the counter party is unable to complete an agreed upon transaction. We seek to limit counter party risk through financial analysis, dollar limits and monitoring procedures.

Regulatory Capital and Other Requirements

See Note 5 to our Interim Consolidated Financial Statements.

Recent Accounting developments

For information relating to the effects of our adoption of recent accounting standards, see Note 2 to our Interim Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
(Dollars in thousands)

Asset and Liability Management

Asset and liability management is concerned with the timing and magnitude of the repricing of assets and liabilities. Our objective is to control risks associated with interest rate and foreign currency exchange rate movements. Our Asset/Liability Management Committee (the "Committee"), which is composed of certain of our officers, formulates and monitors our asset and liability management strategy in accordance with policies approved by our Board of Directors. The Committee meets to review, among other things, the sensitivity of our assets and liabilities to interest rate changes and foreign currency exchange rate changes, the book and market values of assets and liabilities, unrealized gains and losses, including those attributable to hedging transactions, purchase and sale activity, and maturities of investments and borrowings. The Committee also approves and establishes pricing and funding decisions with respect to overall asset and liability composition.

The Committee's methods for evaluating interest rate risk include an analysis of the our interest rate sensitivity "gap", which is defined as the difference between interest-earning assets and interest-bearing liabilities maturing or repricing within a given time period. A gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities. A gap is considered negative when the amount of interest-rate sensitive liabilities exceeds interest-rate sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to affect net interest income adversely. Because different types of assets and liabilities with the same or similar maturities may react differently to changes in overall market rates or conditions, changes in interest rates may affect net interest income positively or negatively even if an institution were perfectly matched in each maturity category.

The following table sets forth the estimated maturity or repricing of our interest-earning assets and interest-bearing liabilities at June 30, 2004. The amounts of assets and liabilities shown within a particular period were determined in accordance with the contractual terms of the assets and liabilities, except:

- . Securities are included in the period in which they are first scheduled to adjust and not in the period in which they mature,
- . Fixed-rate mortgage-related securities reflect prepayments that were estimated based on analyses of broker estimates, the results of a prepayment model we use and empirical data,
- . NOW and money market checking deposits and savings deposits, which do not have contractual maturities, reflect estimated levels of attrition, which are based on our detailed studies of each such category of deposit and,
- . Escrow deposits and other non interest-bearing checking accounts, which amounted to \$145,466 at June 30, 2004, are excluded.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK - (Continued)
(Dollars in thousands)

June 30, 2004					
	Within Three Months	Four to Twelve Months	More Than One Year to Three Years	Three Years and Over	Total
Rate-Sensitive Assets (1):					
Interest-earning deposits.....	\$ 7	\$ --	\$ --	\$ --	\$ 7
Trading securities.....	6,584	9,063	15,936	15,349	46,932
Investments.....	4,288	2,431	--	--	6,719
Loans, net (2).....	785	7,468	1,327	1,940	11,520
Match funded loans (2) (3).....	6,881	14,303	1,632	3,281	26,097
Total rate-sensitive assets.....	18,545	33,265	18,895	20,570	91,275
Rate-Sensitive Liabilities:					
NOW and money market checking deposits....	18,199	217	465	1,212	20,093
Savings deposits.....	108	226	447	793	1,574
Certificates of deposit.....	62,992	219,541	136,375	8,289	427,197
Total interest-bearing deposits.....	81,299	219,984	137,287	10,294	448,864
Bonds-match funded agreements.....	117,745	--	--	--	117,745
Lines of credit and other secured borrowings	50,582	--	--	--	50,582
Notes and debentures.....	--	--	--	56,249	56,249
Total rate-sensitive liabilities.....	249,626	219,984	137,287	66,543	673,440
Interest rate sensitivity gap (4).....	\$ (231,081)	\$ (186,719)	\$ (118,392)	\$ (45,973)	\$ (582,165)
Cumulative interest rate sensitivity gap (5)	\$ (231,081)	\$ (417,800)	\$ (536,192)	\$ (582,165)	
Cumulative interest rate sensitivity gap as a percentage of total rate-sensitive assets	(253.17)%	(457.74)%	(587.45)%	(637.81)%	
As of December 31, 2003:					
Cumulative interest rate sensitivity gap (5)	\$ (372,312)	\$ (505,845)	\$ (615,111)	\$ (657,002)	
Cumulative interest rate sensitivity gap as a percentage of total rate-sensitive assets	(349.48)%	(474.82)%	(577.38)%	(616.71)%	

(1) Excludes balances in the collection accounts of our Residential Loan Servicing business. These balances, which totaled approximately \$1,025,900 at June 30, 2004, are not included in our statements of financial condition and earn interest at short term rates. This interest is included as a component of servicing fees. See "Segment Results - Residential Loan Servicing".

(2) We have not reduced balances for non-performing loans.

(3) Excludes match funded advances on loans serviced for others, which do not earn interest, of \$106,678 at June 30, 2004.

(4) We had no rate -sensitive derivative financial instruments outstanding at June 30, 2004.

(5) We have experienced a large negative interest rate sensitivity gap in recent years. The negative interest rate sensitivity gap reflects the economics of our Residential Loan Servicing business. Servicing advances, the largest asset class on our balance sheet, is not sensitive to changes in interest rates. However, we finance servicing advances with interest rate sensitive liabilities.

The OTS has established specific minimum guidelines for thrift institutions to observe in the area of interest rate risk as described in Thrift Bulletin No. 13a, "Management of Interest Rate Risk, Investment Securities, and Derivative Activities" ("TB 13a"). Under TB 13a, institutions are required to establish and demonstrate quarterly compliance with board-approved limits on interest rate risk that are defined in terms of net portfolio value ("NPV"), which is defined as the net present value of an institution's existing assets, liabilities and off-balance sheet instruments. These limits specify the minimum net portfolio value ratio ("NPV Ratio") allowable under current interest rates and hypothetical interest rate scenarios. An institution's NVP Ratio for a given interest rate scenario is calculated by dividing the NPV that would result in that scenario by the present value of the institution's assets in that same scenario. The hypothetical scenarios are represented by immediate, permanent, parallel movements (shocks) in the term structured of interest rates of plus 100, 200 and 300 basis points and minus 100 basis points from the actual term structure observed at quarter end. The current NPV Ratio for each of the five rate scenarios and the corresponding limits approved by the Board of Directors, as applied to Ocwen Financial Corporation and its subsidiaries, are as follows at June 30, 2004:

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK - (Continued)
(Dollars in thousands)

Rate Shock in basis pints	Board Limits (minimum NPV Ratios)	Current NPV Ratios
+300	5.00%	35.76%
+200	6.00%	33.69%
+100	7.00%	31.53%
0	8.00%	29.16%
-100	7.00%	26.65%

The Committee also regularly reviews interest rate risk by forecasting the impact of alternative interest rate environments on net interest income or expense and NPV and evaluating such impacts against the maximum potential changes in net interest income and NPV that is authorized by the Board of Directors, as applied to Ocwen Financial Corporation and its subsidiaries. The following table quantifies the potential changes in net interest expense and net portfolio value should interest rates go up or down (shocked) 300 or 100 basis points, respectively, assuming the yield curves of the rate shocks will be parallel to each other. We calculate the cash flows associated with the loan portfolios and securities available for sale based on prepayment and default rates that vary by asset. We generate projected losses, as well as prepayments, based upon the actual experience with the subject pool, as well as similar, more seasoned pools. To the extent available, we use loan characteristics such as loan-to-value ratio, interest rate, credit history, prepayment penalty terms and product types to produce the projected loss and prepayment assumptions that are included in the cash flow projections of the securities. When we shock interest rates we further adjust these projected loss and prepayment assumptions. The base interest rate scenario assumes interest rates at June 30, 2004. Actual results of Ocwen Financial Corporation and its subsidiaries could differ significantly from the results estimated in the following table:

Rate Shock in basis pints	Estimated Changes in	
	Net Interest	NPV
+300	207.17%	31.55%
+200	138.12%	21.11%
+100	69.06%	10.75%
0	--%	--%
-100	(69.06)%	(10.77)%

The Committee is authorized to utilize a wide variety of off-balance sheet financial techniques to assist in the management of interest rate risk and foreign currency exchange rate risk. These techniques include interest rate caps and floors and foreign currency futures contracts.

Foreign Currency Exchange Rate Risk Management. We have entered into foreign currency futures to hedge our net investments in foreign subsidiaries that own residual interests backed by residential loans originated in the UK and the shopping center located in Halifax, Nova Scotia. Our principal exposure to foreign currency exchange rates with the British Pound versus the U.S. dollar and the Canadian Dollar versus the U.S. dollar. Our policy is to periodically adjust the amount of foreign currency derivative contracts that we have entered into in response to changes in our recorded investment in these foreign entities as well as to changes in our assets denominated in a foreign currency. Our net exposures are subject to gain or loss if foreign currency exchange rates fluctuate. See Note 4 to our Interim Consolidated Financial Statements.

ITEM 4. CONTROLS AND PROCEDURES.

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) under the securities Exchange Act) as of June 30, 2004. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of June 30, 2004 our disclosure controls and procedures were (1) designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to our chief executive officer and chief financial officer by others within those entities, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended June 30, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to discussions of the future availability of funds, beliefs regarding regulatory compliance and litigation resolution, expectations as to resolution of our non-core assets, predictions on loan yield and the adequacy of our finding needs, resource assumptions and beliefs, intentions with regard to the issuance of brokered deposits, estimates for loan losses and carrying values, and plans for growth in India. Forward-looking statements are not guarantees of future performance, and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially.

Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the following: general economic and market conditions, prevailing interest or currency exchange rates, governmental regulations and policies, international political and economic uncertainty, availability of adequate and timely sources of liquidity, uncertainty related to dispute resolution and litigation, and real estate market conditions and trends, as well as other risks detailed in OCN's reports and filing with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 2003 and our Form 10-Q for the quarter ended March 31, 2004. The forward-looking statements speak only as of the date they are made and should not be relied upon. OCN undertakes no obligation to update or revise the forward-looking statements.

ITEM 1. LEGAL PROCEEDINGS.

See "Note 8 Commitments and Contingencies" of Ocwen Financial Corporation's Interim Consolidated Financial Statements.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a)3 Exhibits.

- 2.1 Agreement of Merger dated as of July 25, 1999 among Ocwen Financial Corporation, Ocwen Asset Investment Corp. and Ocwen Acquisition Company (1)
- 3.1 Amended and Restated Articles of Incorporation (2)
- 3.2 Amended and Restated Bylaws (3)
- 4.0 Form of Certificate of Common Stock (2)
- 4.1 Certificate of Trust of Ocwen Capital Trust I (4)
- 4.2 Amended and Restated Declaration of Trust to Ocwen Capital Trust I (4)
- 4.3 Form of Capital Security of Ocwen Capital Trust I (Included in Exhibit 4.2)(4)
- 4.4 Form of Indenture relating to 10.875% Junior Subordinated Debentures due 2027 of OCN (4)
- 4.5 Form of 10.875% Junior Subordinated Debentures due 2027 of OCN (Included in Exhibit 4.4) (4)
- 4.6 Form of Guarantee of the OCN relating to the Capital Securities of Ocwen Capital Trust I (4)
- 4.7 Form of Registration Rights Agreement dated as of July 28, 2004, between OCN and Jeffries & Company Inc. (filed herewith)
- 4.8 Form of Indenture dated as of July 28, 2004, between OCN and the Bank of New York Trust Company, N.A., as trustee (filed herewith)
- 10.1 Ocwen Financial Corporation 1996 Stock Plan for Directors, as amended (5)
- 10.2 Ocwen Financial Corporation 1998 Annual Incentive Plan (6)
- 10.3 Compensation and Indemnification Agreement, dated as of May 6, 1999, between OAC and the independent committee of the Board of Directors (7)
- 10.4 Indemnity agreement, dated August 24, 1999, among OCN and OAC's Board of Directors (8)
- 10.5 Amended Ocwen Financial Corporation 1991 Non-Qualified Stock Option Plan, dated October 26, 1999 (8)
- 10.6 First Amendment to Agreement, dated March 31, 2000, between HCT Investments, Inc. and OAIC Partnership I, L.P. (8)
- 10.7 Form of Employment Agreement dated as of April 1, 2001, by and between Ocwen Financial Corporation and Arthur D. Ringwald (9)
- 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 32.1 Certification of the Chief Executive Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 32.2 Certification of the Chief Financial Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

- (1) Incorporated by reference from the similarly described exhibit included with the Registrant's Current Report on Form 8-K filed with the Commission on July 26, 1999.
- (2) Incorporated by reference from the similarly described exhibit in connection with the Registrant's Registration Statement on Form S-1 (File No. 333-5153), as amended, declared effective by the Commission on September 25, 1996.
- (3) Incorporated by reference from the similarly described exhibit included with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998.
- (4) Incorporated by reference from the similarly described exhibit filed in connection with Ocwen Financial Corporation's Registration Statement on Form S-1 (File No. 333-28889), as amended, declared effective by the Commission on August 6, 1997.
- (5) Incorporated by reference from the similarly described exhibit filed in connection with the Registrant's Registration Statement on Form S-8 (File No. 333-44999), effective when filed with the Commission on January 28, 1998.
- (6) Incorporated by reference from the similarly described exhibit to Ocwen Financial Corporation's Definitive Proxy Statement with respect to Ocwen Financial Corporation's 1998 Annual Meeting of Shareholders filed with the Commission on March 31, 1998.
- (7) Incorporated by reference from OAC's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999.

PART II - OTHER INFORMATION

- (8) Incorporated by reference from the similarly described exhibit included with Registrant's Quarterly Report of Form 10-Q for the quarterly period ended March 31, 2000.
- (9) Incorporated by reference from the similarly described exhibit included with the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001.
- (b) Reports on Form 8-K Filed during the Quarter Ended June 30, 2004.
- (1) A Form 8-K was filed by OCN on May 7, 2004 reporting, under Item 12, a news release announcing Ocwen Financial Corporation's financial results for the first quarter ended March 31, 2004.
- (2) A Form 8-K was filed by OCN on April 20, 2004 reporting, under Item 5, a news release announcing that Ocwen Federal Bank FSB had entered into a supervisory agreement with the Office of Thrift Supervision.

SIGNATURES

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

OCWEN FINANCIAL CORPORATION

By: /s/ MARK S. ZEIDMAN

Mark S. Zeidman,
Senior Vice President and
Chief Financial Officer
(On behalf of the Registrant and as its
principal financial officer)

Date: August 9, 2004

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of July 28, 2004 between Ocwen Financial Corporation, a corporation organized under the laws of Florida (the "Company"), and Jefferies & Company, Inc., as the Initial Purchaser, pursuant to the Purchase Agreement, dated July 22, 2004 (the "Purchase Agreement"), between the Company and the Initial Purchaser. In order to induce the Initial Purchaser to enter into the Purchase Agreement, the Company has agreed to provide the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

The Company agrees with the Initial Purchaser, (i) for its benefit as Initial Purchaser and (ii) for the benefit of the beneficial owners (including the Initial Purchaser) from time to time of the Notes (as defined herein), and the beneficial owners from time to time of the Underlying Common Stock (as defined herein) issuable upon conversion of the Notes (each of the foregoing a "Holder" and together the "Holders"), as follows:

SECTION 1. Definitions. Capitalized terms used herein without definition shall have their respective meanings set forth in the Purchase Agreement. In addition to the terms that are defined elsewhere in this Agreement, the following terms shall have the following meanings:

"Additional Amount" has the meaning specified in Section 2(e) hereof.

"Additional Amount Accrual Period" has the meaning specified in Section 2(e) hereof.

"Additional Amount Payment Date" means each February 1 and August 1.

"Additional Notes" means up to an additional \$25,000,000 aggregate principal amount of 3.25% Contingent Convertible Senior Unsecured Notes due 2024 of the Company to be purchased pursuant to the Purchase Agreement.

"Affiliate", with respect to any specified person, has the meaning specified in Rule 144.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

"Common Stock" means any of the common stock, par value \$0.01 per share, of the Company and any other common stock as may constitute "Common Stock" for purposes of the Indenture, including the Underlying Common Stock.

"Company" has the meaning specified in the first paragraph of this Agreement.

"Conversion Price" means, with respect to each \$1,000 principal amount of Notes, as of any date of determination, the principal amount divided by the Conversion Rate in effect as of such date of determination or, if no Notes are then outstanding, the Conversion Rate that would be in effect were Notes then outstanding.

"Conversion Rate" has the meaning assigned to such term in the Indenture.

"Deferral Notice" has the meaning specified in Section 3(i) hereof.

"Deferral Period" has the meaning specified in Section 3(i) hereof.

"Effectiveness Deadline Date" has the meaning specified in Section 2(a) hereof.

"Effectiveness Period" means the period of two years from the Issue Date or such shorter period ending on the date that all Registrable Securities have ceased to be Registrable Securities.

"Event" has the meaning specified in Section 2(e) hereof.

"Event Date" has the meaning specified in Section 2(e) hereof.

"Event Termination Date" has the meaning specified in Section 2(e) hereof.

1

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

"Filing Deadline Date" has the meaning specified in Section 2(a) hereof.

"Firm Notes" means an aggregate of \$150,000,000 principal amount of the 3.25% Contingent Convertible Senior Unsecured Notes due 2024 of the Company to be purchased pursuant to the Purchase Agreement.

"Holder" has the meaning specified in the second paragraph of this Agreement.

"Indenture" means the Indenture dated as of the date hereof, as amended from time to time, between the Company and The Bank of New York Trust Company, N.A., as trustee, pursuant to which the Notes are being issued.

"Initial Purchaser" means Jefferies & Company, Inc.

"Initial Shelf Registration Statement" has the meaning specified in Section 2(a) hereof.

"Issue Date" means July 28, 2004.

"Material Event" has the meaning specified in Section 3(i) hereof.

"Notes" means the Firm Notes and the Additional Notes.

"Notice and Questionnaire" means a written notice executed by a Holder and delivered to the Company containing substantially the information called for by the Notice of Registration Statement and Selling Securityholder Questionnaire attached as Annex A to the Offering Memorandum dated July 22, 2004 of the Company relating to the Notes.

"Notice Holder" means on any date, any Holder that has delivered a Notice and Questionnaire to the Company on or prior to such date.

"Prospectus" means the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 415 promulgated under the Securities Act), as amended or supplemented by all amendments and prospectus supplements, including post-effective amendments, and all materials incorporated by reference or explicitly deemed to be incorporated by reference in such Prospectus.

"Purchase Agreement" has the meaning specified in the first paragraph of this Agreement.

"Record Holder" means, with respect to any Additional Amount Payment Date relating to any Note or Underlying Common Stock as to which any Additional Amount has accrued, the registered holder of such Note or such shares of Underlying Common Stock, as the case may be, on the January 15 or July 15 immediately prior to the next succeeding Additional Amount Payment Date.

"Registrable Securities" means the Notes and the Underlying Common Stock until such securities have been converted or exchanged and, at all times subsequent to any such conversion or exchange, any securities into or for which such securities have been converted or exchanged, and any security issued with respect thereto upon any stock dividend, split, merger or similar event until, in the case of any such security, the earlier of the date on which: (i) the Notes or the shares of Underlying Common Stock issued upon conversion have been effectively registered under the Securities Act and disposed of in accordance with a Shelf Registration Statement; (ii) the Notes or the shares of Underlying Common Stock issued upon conversion are transferred in compliance with Rule 144 (or any similar provision then in effect) or may be sold or transferred by a person who is not an Affiliate of the Company; or (iii) the Notes or the shares of Underlying Common Stock issued upon conversion cease to be outstanding (whether as a result of redemption, repurchase and cancellation, conversion or otherwise).

"Registration Statement" means any registration statement of the Company that covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all materials incorporated by reference or explicitly deemed to be incorporated by reference in such registration statement.

"Rule 144" means Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar or successor rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 144A" means Rule 144A under the Securities Act, as such Rule may be amended from time to time, or any similar or successor rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"SEC" means the United States Securities and Exchange Commission and any successor agency.

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

"Shelf Registration Statement" means a Registration Statement for an offering to be made on a delayed or continuous basis pursuant to Rule 415 of the Securities Act registering the resale from time to time by Holders of the Registrable Securities.

"Subsequent Shelf Registration Statement" has the meaning specified in Section 2(b) hereof.

"TIA" means the Trust Indenture Act of 1939, as amended.

"Trustee" means The Bank of New York Trust Company, N.A. (or any successor entity), the Trustee under the Indenture.

"Underlying Common Stock" means the Common Stock into which the Notes are convertible or issued upon any such conversion.

SECTION 2. Shelf Registration.

(a) The Company shall prepare and file or cause to be prepared and filed with the SEC no later than a date which is ninety (90) days after the Issue Date (the "Filing Deadline Date") a Shelf Registration Statement (the "Initial Shelf Registration Statement"). The Initial Shelf Registration Statement shall be on Form S-3 or another appropriate form permitting registration of such Registrable Securities for resale by such Holders in accordance with the methods of distribution reasonably elected by the Holders and set forth in the Initial Shelf Registration Statement; provided, that in no event will such method(s) of distribution take the form of an underwritten offering of the Registrable Securities without the prior agreement of the Company. The Company shall use its reasonable best efforts to cause the Initial Shelf Registration Statement to be declared effective under the Securities Act no later than a date (the "Effectiveness Deadline Date") that is one hundred and eighty (180) days after the Issue Date, and to keep, subject to Section 3(i)(A) hereof, the Initial Shelf Registration Statement (or any Subsequent Shelf Registration Statement) continuously effective under the Securities Act until the expiration of the Effectiveness Period. Each Holder that became a Notice Holder on or prior to the date ten (10) Business Days prior to the time that the Initial Shelf Registration Statement became effective shall be named as a selling securityholder in the Initial Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of Registrable Securities in accordance with applicable law (other than laws not generally applicable to all such Holders). Notwithstanding the foregoing, no Holder shall be entitled to have the Registrable Securities held by it covered by such Shelf Registration Statement unless such Holder has complied with the provisions of this Agreement, including providing a Notice and Questionnaire.

(b) If the Initial Shelf Registration Statement (or any Subsequent Shelf Registration Statement) ceases to be effective for any reason at any time during the Effectiveness Period (other than because all Registrable Securities registered thereunder shall have been resold pursuant thereto or shall have otherwise ceased to be Registrable Securities), the Company shall use its reasonable best efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within thirty (30) days of such cessation of effectiveness amend such Shelf Registration Statement in a manner reasonably expected by the Company to obtain the withdrawal of the order suspending the effectiveness thereof, or, subject to a Deferral Notice having been given, file an additional Shelf Registration Statement covering all of the securities that as of the date of such filing are Registrable Securities (a "Subsequent Shelf Registration Statement"). If a Subsequent Shelf Registration Statement is filed, the Company shall use reasonable best efforts to cause the Subsequent Shelf Registration Statement to become effective as promptly as is reasonably practicable after such filing or, if filed during a Deferral Period, after the expiration of such Deferral Period, and to keep such Subsequent Shelf Registration Statement, subject to Section 3(i)(A) hereof, continuously effective until the end of the Effectiveness Period.

(c) The Company shall supplement and amend the Initial Shelf Registration Statement or any Subsequent Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement, if required by the Securities Act or, to the extent to which the Company does not

reasonably object, as reasonably requested in writing by the Initial Purchaser or by the Trustee on behalf of the registered Holders with respect to information relating to such Holders.

(d) Each Holder of Registrable Securities agrees that if such Holder wishes to sell Registrable Securities pursuant to a Shelf Registration Statement and related Prospectus, it will do so only in accordance with this Section 2(d) and Sections 3(i) and 4 hereof. Each Holder of Registrable Securities wishing to sell Registrable Securities pursuant to the Initial Shelf Registration Statement or any Subsequent Shelf Registration Statement and related Prospectus agrees to deliver a Notice and Questionnaire to the Company at least ten (10) Business Days prior to any intended distribution of Registrable Securities under such Shelf Registration Statement. From and after the date the Initial Shelf Registration Statement is declared effective, the Company shall, as promptly as is reasonably practicable and in any event within thirty (30) Business Days after the date a fully completed and legible Notice and Questionnaire is received by the Company, (i) if required by applicable law, file with the SEC a post-effective amendment to such Shelf Registration Statement or prepare and, if required by applicable law, file a supplement to the related Prospectus or a supplement or amendment to any document incorporated therein by reference or file any other document required by the SEC so that the Holder delivering such Notice and Questionnaire is named as a selling securityholder in such Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of the Registrable Securities in accordance with applicable law (other than laws not generally applicable to all Holders of Registrable Securities wishing to sell Registrable Securities pursuant to such Shelf Registration Statement and related Prospectus) and, if the Company shall file a post-effective amendment to such Shelf Registration Statement, use reasonable efforts to cause such post-effective amendment to be declared effective under the Securities Act as promptly as is reasonably practicable; (ii) upon its request provide such Holder copies of any documents filed pursuant to Section 2(d)(i) hereof; and (iii) notify such Holder as promptly as is reasonably practicable after the effectiveness under the Securities Act of any post-effective amendment filed pursuant to Section 2(d)(i) hereof; provided, that if such Notice and Questionnaire is delivered during a Deferral Period or a Deferral Period begins within thirty (30) Business Days after the delivery of such Notice and Questionnaire, the Company shall so inform the Holder delivering such Notice and Questionnaire and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of the Deferral Period (except that any days falling within such Deferral Period will not be included in calculating the thirty (30) Business Days permitted for the filing of any amendments or supplements) in accordance with Section 3(i), provided, further, that if under applicable law the Company has more than one option as to the type or manner of making any such filing, they will make the required filing or filings in the manner or of a type that is reasonably expected to result in the earliest availability of the Prospectus for effecting resales of Registrable Securities. Notwithstanding anything contained herein to the contrary, the Company shall be under no obligation to name any Holder that is not a Notice Holder as a selling securityholder in any Registration Statement or related Prospectus; provided, however, that any Holder that becomes a Notice Holder pursuant to the provisions of this Section 2(d) of this Agreement (whether or not such Holder was a Notice Holder at the time the Registration Statement was initially declared effective) shall be named as a selling securityholder in the Registration Statement or related Prospectus subject to and in accordance with the requirements of this Section 2(d).

(e) The parties hereto agree that the Holders of Registrable Securities will suffer damages, and that it would not be feasible to ascertain the extent of such damages with precision, if (i) the Initial Shelf Registration Statement has not been filed on or prior to the Filing Deadline Date, (ii) the Initial Shelf Registration Statement has not been declared effective under the Securities Act on or prior to the Effectiveness Deadline Date, or (iii) (x) at any time after the Effectiveness Deadline Date, the Initial Shelf Registration Statement ceases to be effective or fails to be usable and the Company does not cure the Initial Shelf Registration Statement within ten (10) business days (or, if a Deferral Period is then in effect, the fifth business day following the expiration of such Deferral Period) by a post-effective amendment, prospectus supplement or report filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act that cures such failure and, in the case of a post-effective amendment, is itself declared effective, or (y) the aggregate duration of Deferral Periods in any period exceeds the number of days permitted in respect of such period pursuant to Section 3(i) hereof (each of the events of a type described in any of the foregoing clauses (i) through (iii) is individually referred to herein as an "Event," and the Filing Deadline Date in the case of clause (i), the Effectiveness Deadline Date in the case of clause (ii), and the date on which the aggregate duration of Deferral Periods in any period exceeds the number of days permitted by Section 3(i) hereof in the case of clause (iii), being referred to herein as an "Event Date"). Events shall be deemed to continue until the "Event Termination Date," which shall be the following dates with respect to the respective types of Events: the date the Initial Shelf Registration Statement is filed in the case of an Event of the type described in clause (i), the date the Initial Shelf Registration Statement is declared effective under the Securities Act in the case of an Event of the type described in clause (ii), and either (x) the date on which any post-effective amendment is declared effective by the SEC or any Prospectus supplement or report is filed that makes the Initial Shelf Registration Statement usable, or (y) the date on which the Deferral Period that caused the limit on the aggregate duration of Deferral Periods in a period set forth in Section 3(i) to be exceeded ends in the case of the commencement of an Event of the type described in clause (iii).

Accordingly, commencing on (and including) any Event Date and ending on (but excluding) the next date after an Event Termination Date or the date that a Shelf Registration Statement is no longer required to be kept effective (an "Additional Amount Accrual Period"), the Company agrees to pay an additional amount (the "Additional Amount"), payable on the Additional Amount Payment Dates to Record Holders of then-outstanding Notes that are Registrable Securities, accruing, for each portion of such Additional Amount Accrual Period beginning on

and including an Additional Amount Payment Date (or, in respect of the first time that the Additional Amount is to be paid to Holders on an Additional Amount Payment Date as a result of the occurrence of any particular Event, from the Event Date) and ending on but excluding the first to occur of (A) the date of the end of the Additional Amount Accrual Period or (B) the next Additional Amount Payment Date, at a rate per annum equal to one-quarter of one percent (0.25%) of the aggregate principal amount of the Notes that are Registrable Securities for the first ninety (90)-day period from the Event Date, and thereafter at a rate per annum equal to one-half of one percent (0.50%) of the aggregate principal amount of such Notes that are Registrable Securities, determined as of the Business Day immediately preceding the next Additional Amount Payment Date; provided, that no Additional Amount shall be payable to Record Holders in respect of any shares of Common Stock issued upon conversion of the Notes, but the Record Holders of such shares of Common Stock issued upon conversion of the Notes shall be entitled to receive additional shares of Common Stock upon conversion (except to the extent that the Company elects to deliver cash upon conversion); provided, further, that any Additional Amount accrued with respect to any Note or portion thereof called for redemption on a redemption date prior to the Additional Amount Payment Date shall, in any such event, be paid instead to the Holder who submitted such Note or portion thereof for redemption on the applicable redemption date, on such date. Notwithstanding the foregoing, no Additional Amounts shall accrue as to any Note that is a Registrable Security from and after the earlier of (x) the date such Note is no longer a Registrable Security and (y) expiration of the Effectiveness Period. The rate of accrual of the Additional Amount with respect to any period shall not exceed the rate provided for in this paragraph notwithstanding the occurrence of multiple concurrent Events. Following the cure of all Events requiring the payment by the Company of Additional Amounts to the Holders of Registrable Securities pursuant to this Section, the accrual of Additional Amounts will cease (without in any way limiting the effect of any subsequent Event requiring the payment of Additional Amounts by the Company).

Notwithstanding the provisions in this Section 2(e), if any Additional Amount is payable as a result of the Company's failure to add the name of a Holder as a selling securityholder in the Initial Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of the Registrable Securities and if such failure shall have not resulted in an Event with respect to the other Holders, only such Holder that was not named as a selling securityholder shall be entitled to receive such Additional Amount.

The Trustee, subject to the applicable provisions of the Indenture, shall be entitled to seek on behalf of Holders of Notes any available remedy for the enforcement of this Agreement, including for the payment of any Additional Amount. Notwithstanding the foregoing, the parties agree that the sole monetary damages payable for a violation of the terms of this Agreement with respect to which additional amounts are expressly provided shall be such Additional Amount. Nothing shall preclude a Notice Holder or Holder of Registrable Securities from pursuing or obtaining specific performance or other equitable relief with respect to this Agreement.

All of the Company's obligations set forth in this Section 2(e) that are outstanding with respect to any Registrable Security at the time such security ceases to be a Registrable Security shall survive until such time as all such obligations with respect to such security have been satisfied in full (notwithstanding termination of this Agreement pursuant to Section 8(k)). The parties hereto agree that the Additional Amounts provided for in this Section 2(e) constitute a reasonable estimate of the damages that may be incurred by Holders of Registrable Securities by reason of the failure of a Shelf Registration Statement to be filed or declared effective or available for effecting resales of Registrable Securities in accordance with the provisions hereof.

SECTION 3. Registration Procedures. In connection with the registration obligations of the Company under Section 2 hereof, the Company shall:

(a) Before filing any Registration Statement or Prospectus or any amendments or supplements (other than supplements that do nothing more substantive than name one or more Notice Holders as selling securityholders) thereto with the SEC, furnish to the Initial Purchaser copies of all such documents proposed to be filed and use reasonable efforts to reflect in each such document when so filed with the SEC such comments as the Initial Purchaser reasonably shall propose within three (3) Business Days of the delivery of such copies to the Initial Purchaser.

(b) Prepare and file with the SEC the Registration Statement and such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement continuously effective for the applicable period specified in Section 2(a); cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act; and use reasonable best efforts to comply with the provisions of the Securities Act applicable to it with respect to the disposition of all securities covered by such Registration Statement during the Effectiveness Period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement as so amended or such Prospectus as so supplemented.

(c) As promptly as reasonably practicable give notice to the Notice Holders and the Initial Purchaser (i) when any Prospectus, Prospectus supplement, Registration Statement or post-effective amendment to a Registration Statement has been filed with the SEC and, with respect to a Registration

Statement or any post-effective amendment, when the same has been declared effective, (ii) of any request, following the effectiveness of the Initial Shelf Registration Statement under the Securities Act, by the SEC or any other federal or state governmental authority for amendments or supplements to any Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC or any other federal or state governmental authority of any stop order or injunction suspending or enjoining the use of any Prospectus or the effectiveness of any Registration Statement or the initiation of any proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for offering or sale under the securities or "blue sky" laws in any jurisdiction or the initiation of any proceeding for such purpose and (v) of the occurrence of (but not the nature of or details concerning) a Material Event (provided, however, that no notice by the Company shall be required pursuant to this clause (v) in the event that the Company promptly files a Prospectus supplement to update the Prospectus or the Company files a Current Report on Form 8-K or other appropriate Exchange Act report that is incorporated by reference into the Registration Statement, which, in either case, contains the requisite information with respect to such Material Event that results in such Registration Statement no longer containing any untrue statement of material fact or omitting to state a material fact necessary to make the statements contained therein not misleading, which notice may, at the discretion of the Company (or as required pursuant to Section 3(i)), state that it constitutes a Deferral Notice, in which event the provisions of Section 3(i) shall apply.

(d) Use reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction in which they have been qualified for sale, in either case at the earliest possible moment or, if any such order or suspension is made effective during any Deferral Period, at the earliest possible moment after the expiration of such Deferral Period.

(e) If reasonably requested in writing by the Initial Purchaser or any Notice Holder, as promptly as reasonably practicable incorporate in a prospectus supplement or post-effective amendment to a Registration Statement such information as the Initial Purchaser or such Notice Holder shall, on the basis of an opinion of nationally recognized counsel experienced in such matters, determine to be required to be included therein by applicable law and make any required filings of such prospectus supplement or such post-effective amendment as required by applicable law; provided, that the Company shall not be required to take any actions under this Section 3(e) that are not, in the reasonable opinion of counsel for the Company, in compliance with applicable law. For purposes of this Agreement, Sidley Austin Brown & Wood LLP shall be deemed to be nationally recognized counsel experienced in the matters described in this Section 3.

(f) As promptly as reasonably practicable after the filing of such documents with the SEC, furnish to each Notice Holder and the Initial Purchaser, upon their written request and without charge, at least one (1) conformed copy of the Registration Statement and any amendment thereto, including financial statements, but excluding schedules, all documents incorporated or deemed to be incorporated therein by reference and all exhibits (unless requested in writing to the Company by such Notice Holder or the Initial Purchaser, as the case may be).

(g) During the Effectiveness Period (except during such periods that a Deferral Notice is outstanding and has not been revoked), deliver to each Notice Holder in connection with any sale of Registrable Securities pursuant to a Registration Statement, without charge, as many copies of the Prospectus or Prospectuses relating to such Registrable Securities and any amendment or supplement thereto as such Notice Holder may reasonably request in writing; and the Company hereby consents (except during such periods that a Deferral Notice is outstanding and has not been revoked) to the use of such Prospectus or each amendment or supplement thereto by each Notice Holder in connection with any offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto in the manner set forth therein.

(h) Subject to Section 3(i), prior to any public offering of the Registrable Securities pursuant to a Shelf Registration Statement, use reasonable best efforts to register or qualify or cooperate with the Notice Holders in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any Notice Holder reasonably requests in writing (which request may be included in the Notice and Questionnaire), it being agreed that no such registration or qualification will be made unless so requested; prior to any public offering of the Registrable Securities pursuant to a Shelf Registration Statement, use reasonable best efforts to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period in connection with such Notice Holder's offer and sale of Registrable Securities pursuant to such registration or qualification (or exemption therefrom) and do any and all other acts or things necessary to enable the disposition in such jurisdictions of such Registrable Securities in the manner set forth in the relevant Registration Statement and the related Prospectus; provided, that the Company will not be required to (i) register or qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it is not otherwise qualified or where it would be subject to income tax as a foreign corporation, or to take any action that would subject it to the service of process in any jurisdiction where it is not now so subject or (ii) take any action that would subject it to general or unlimited service of process in suits or to taxation in any such jurisdiction where it is not then so subject.

(i) Upon (A) the issuance by the SEC of a stop order suspending the effectiveness of a Shelf Registration Statement or the initiation of proceedings with respect to a Shelf Registration Statement under Section 8(d) or 8(e) of the Securities Act, (B) the occurrence or existence of any development, event, fact, situation or circumstance (a "Material Event") as a result of which any Registration Statement shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or any Prospectus shall contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (including, in any such case, as a result of the non-availability of financial statements), or (C) the occurrence or existence of any Material Event relating to the Company that, in the sole discretion of the Company acting in good faith, makes it appropriate to suspend the availability of such Shelf Registration Statement and the related Prospectus, (i) in the case of clause (B) above, subject to the next sentence, as promptly as practicable prepare and file a post-effective amendment to such Registration Statement or a supplement to the related Prospectus or any document incorporated therein by reference or file any other required document that would be incorporated by reference into such Registration Statement and Prospectus so that such Registration Statement does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and such Prospectus does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, and, in the case of a post-effective amendment to a Registration Statement, subject to the next sentence, use reasonable efforts to cause it to be declared effective as promptly as is reasonably practicable, and (ii) give notice to the Notice Holders that the availability of such Shelf Registration Statement is suspended (a "Deferral Notice") and, upon receipt of any Deferral Notice, each Notice Holder agrees not to sell any Registrable Securities pursuant to the Registration Statement until such Notice Holder's receipt of copies of the supplemented or amended Prospectus provided for in clause (i) above, or until it is advised in writing by the Company that the Prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus. The Company will use reasonable efforts to ensure that the use of the Prospectus may be resumed (x) in the case of clause (A) above, as promptly as is practicable, (y) in the case of clause (B) above, as soon as, in the sole judgment of the Company acting in good faith, public disclosure of such Material Event would not be prejudicial to or contrary to the interests of the Company or, if necessary to avoid unreasonable burden or expense, as soon as reasonably practicable thereafter and (z) in the case of clause (C) above, as soon as, in the discretion of the Company acting in good faith, such suspension is no longer appropriate. So long as the period during which the availability of the Registration Statement and any Prospectus is suspended (the "Deferral Period") does not exceed thirty (30) days during any three (3) month period or ninety (90) days during any twelve (12) month period, the Company shall not incur any obligation to pay Additional Amounts pursuant to Section 2(e). Notwithstanding the foregoing, to the extent a Material Event relates to a previously undisclosed proposed or pending material business transaction, the disclosure of which the Company determines in good faith would be reasonably likely to impede the Company's ability to consummate such transaction, the Company may extend a Deferral Period from thirty (30) days to sixty (60) days. The Company shall not be required to specify in the written notice to the Holders the nature of the event giving rise to the Deferral Period.

(j) If reasonably requested in writing in connection with a disposition of Registrable Securities having a fair market value of at least \$5,000,000 pursuant to a Registration Statement, make reasonably available for inspection during reasonable business hours by a representative for the Notice Holders of such Registrable Securities and any broker dealers, attorneys and accountants retained by such Notice Holders, all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, as shall be reasonably necessary to enable them to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act, and cause the appropriate executive officers, directors and designated employees of the Company and its subsidiaries to make reasonably available for inspection during normal business hours all relevant information reasonably requested by such representative for the Notice Holders or any such broker-dealers, attorneys or accountants in connection with such disposition, in each case as is customary for similar "due diligence" examinations; provided, however, that such persons shall first agree in writing with the Company that any information that is reasonably designated by the Company as confidential at the time of delivery of such information shall be kept confidential by such persons and shall be used solely for the purposes of exercising rights under this Agreement, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities; (ii) disclosure of such information is required by law (including any disclosure requirements pursuant to federal securities laws in connection with the filing of any Registration Statement or the use of any Prospectus referred to in this Agreement), (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by any such person or (iv) such information becomes available to any such person from a source other than the Company and such source is not bound by a confidentiality agreement or otherwise obligated to keep such information confidential; and provided, further, that the foregoing inspection and information gathering shall be coordinated on behalf of all the Notice Holders and the other parties entitled thereto by the counsel referred to in Section 5.

(k) Use its reasonable best efforts to comply with all applicable rules and regulations of the SEC to the extent and so long as they are applicable to the offer and sale of Registrable Securities by the Notice Holders thereof from time to time in accordance with the methods of distribution set forth in the Shelf Registration Statement and Rule 415 under the Securities Act, and make

generally available to its securityholders earning statements (which need not be audited) satisfying the provisions of Section 11(a) of the Securities Act and

Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than forty-five (45) days after the end of any twelve (12)-month period (or ninety (90) days after the end of any twelve (12)-month period if such period is a fiscal year) commencing on the first day of the first fiscal quarter of the Company commencing after the effective date of a Registration Statement, which statements shall cover said twelve (12)-month periods.

(l) Cooperate with each Notice Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold pursuant to a Registration Statement and not bearing any restrictive legends (unless required by applicable securities laws), and enable such Registrable Securities to be in such denominations as are permitted by the Indenture and registered in such names as such Notice Holder may request in writing at least two (2) Business Days prior to any sale of such Registrable Securities.

(m) Provide a CUSIP number for all Registrable Securities covered by each Registration Statement not later than the effective date of such Registration Statement and provide the Trustee for the Notes and the transfer agent for the Common Stock with certificates for the Registrable Securities that are in a form eligible for deposit with The Depository Trust Company.

(n) Make a reasonable effort to provide such information as is required for any filings required to be made with the National Association of Securities Dealers, Inc.

(o) Upon (i) the filing of the Initial Shelf Registration Statement and (ii) the effectiveness of the Initial Shelf Registration Statement, announce the same, in each case by release to PR Newswire, Reuters Economic Services, Bloomberg Business News or any other means of dissemination reasonably expected to make such information known publicly.

(p) Use its reasonable best efforts to take all actions necessary, or reasonably requested by the holders of a majority of the Registrable Securities being sold, in order to expedite or facilitate disposition of such Registrable Securities; provided, that the Company shall not be required to take any action in connection with an underwritten offering without its consent.

(q) Cause the Indenture to be qualified under the TIA not later than the effective date of any Registration Statement; and in connection therewith, cooperate with the Trustee to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and execute, and use reasonable efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner.

SECTION 4. Holder's Obligations. (a) Each Holder agrees by acquisition of Registrable Securities that, upon receipt of any Deferral Notice from the Company of the existence of any fact of the kind described in Section 3(i)(B) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to the Shelf Registration Statement until:

(i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 3(i) hereof; or

(ii) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (unless such filings are made pursuant to the requirements of Section 13 or Section 15 of the Exchange Act and such filings are available through the SEC's EDGAR system).

If so directed by the Company, each Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities that was current at the time of receipt of such Deferral Notice.

(b) Each Holder agrees, by acquisition of the Registrable Securities, that no Holder of Registrable Securities shall be entitled to sell any of such Registrable Securities pursuant to a Registration Statement or to receive a copy of the Prospectus relating thereto, unless such Holder has furnished the Company with a completed Notice and Questionnaire as required pursuant to Section 2(d) hereof (including the information required to be included in such Notice and Questionnaire) and the information set forth in the next sentence. Each Notice Holder agrees promptly to furnish to the Company in writing all information required to be disclosed in order to make the information previously furnished to the Company by such Notice Holder not misleading, any other information regarding such Notice Holder and the distribution of such Registrable Securities as may be required by the Company to be disclosed in the Registration Statement under applicable law or pursuant to SEC comments and any information otherwise required by the Company to comply with applicable law or regulations. Any sale of any Registrable Securities by any Holder shall constitute a representation and warranty by such Holder that the information relating to such Holder is as set forth in the Prospectus delivered by such Holder in connection with such disposition, that such Prospectus does not as of the time of such sale contain any untrue statement of material fact relating to or provided by such Holder and

that such Prospectus does not as of the time of such sale omit to state any material fact relating to or provided by such Holder necessary to make the statements in such Prospectus, in the light of the circumstances under which they were made, not misleading. Each Holder further agrees, following termination of the Effectiveness Period, to notify the Company, within ten (10) Business Days of a request, of the amount of Registrable Securities sold pursuant to the Registration Statement and, in the absence of a response, the Company may assume that all of the Holder's Registrable Securities were so sold.

SECTION 5. Registration Expenses. The Company shall bear all fees and expenses incurred in connection with the performance by the Company of its obligations under Sections 2 and 3 of this Agreement whether or not any of the Registration Statements are declared effective. Such fees and expenses shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (x) with respect to filings required to be made with the National Association of Securities Dealers, Inc. and (y) of compliance with federal and state securities or blue sky laws to the extent such filings or compliance are required pursuant to this Agreement (including, without limitation, reasonable fees and disbursements of the counsel specified in the next sentence in connection with Blue Sky qualifications of the Registrable Securities under the laws of such jurisdictions as the Notice Holders of a majority of the Registrable Securities being sold pursuant to a Registration Statement may designate)), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities in a form eligible for deposit with The Depository Trust Company), (iii) duplication expenses relating to copies of any Registration Statement or Prospectus delivered to any Holders hereunder, (iv) fees and disbursements of counsel for the Company in connection with the Shelf Registration Statement, and (v) reasonable fees and disbursements of the Trustee and its counsel and of the registrar and transfer agent for the Common Stock. In addition, the Company shall bear or reimburse the Notice Holders for the reasonable fees and disbursements of one firm of legal counsel for the Holders, which shall, upon the written consent of the Initial Purchaser (which shall not be unreasonably withheld), be a nationally recognized law firm experienced in securities law matters designated by the Company. In addition, the Company shall pay its internal expenses (including, without limitation, all salaries and expenses of officers and employees performing legal or accounting duties), and its expenses for any annual audit, the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange on which the same securities of the Company are then listed and the fees and expenses of any person, including special experts, retained by the Company.

SECTION 6. Indemnification; Contribution.

(a) The Company agrees to indemnify and hold harmless the Initial Purchaser and each Holder of Registrable Securities and each person, if any, who controls the Initial Purchaser or any Holder of Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim and damage, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agrees to reimburse each indemnified Holder as promptly as practicable upon demand for any legal or other expenses reasonably incurred by such indemnified Holder in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability or action; provided, however, that this indemnity agreement shall not apply to any loss, liability, claim or damage to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Initial Purchaser, such Holder of Registrable Securities (which also acknowledges the indemnity provisions herein) or any person, if any, who controls the Initial Purchaser or any such Holder of Registrable Securities expressly for use in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); provided, further, that this indemnity agreement shall not apply to any loss, liability, claim or damage (1) arising from an offer or sale of Registrable Securities occurring during a Deferral Period, if a Deferral Notice was given to such Notice Holder or (2) if the Holder fails to deliver at or prior to the written confirmation of sale, the most recent Prospectus, as amended or supplemented, and such Prospectus, as amended or supplemented, would have corrected such untrue statement or omission or alleged untrue statement or omission of a material fact and the delivery thereof was required by law.

(b) In connection with any Shelf Registration Statement in which a Holder, including, without limitation, the Initial Purchaser, of Registrable Securities is participating, in furnishing information relating to such Holder of Registrable Securities to the Company in writing expressly for use in such Registration Statement, any preliminary prospectus, the Prospectus or any amendments or supplements thereto, the Holders of such Registrable Securities agree, severally and not jointly, to indemnify and hold harmless the Initial Purchaser and each person, if any, who controls the Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and the Company and each person, if any, who controls the Company within the meaning of either such Section, against any and all loss, liability, claim and

damage described in the indemnity contained in subsection (a) of this Section 6, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Holder of Registrable Securities (such Holder hereby acknowledges the indemnity provisions herein) or any person, if any, who controls any such Holder of Registrable Securities expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

The Initial Purchaser agrees to indemnify and hold harmless the Company, the Holders of Registrable Securities, and each person, if any, who controls the Company or any Holder of Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim and damage described in the indemnity contained in subsection (a) of this Section 6, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Initial Purchaser expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of these indemnity provisions. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party under this Section 6 for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party. Subject to Section 6(d), no indemnified party shall, without the prior written consent of the indemnifying party, which shall not be unreasonably withheld or delayed, effect any settlement of any commenced or threatened litigation, investigation, proceeding or claim in respect of which any indemnification is sought hereunder.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a) effected without its written consent if (i) such settlement is entered into more than sixty (60) days after receipt by such indemnifying party of aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least forty-five (45) days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement; provided, that an indemnifying party shall not be liable for any such settlement effected without its consent if such indemnifying party (1) reimburses such indemnified party in accordance with such request to the extent it considers such request to be reasonable and (2) provides written notice to the indemnified party describing any unpaid balance it believes is unreasonable and the reasons therefor, in each case prior to the date of such settlement.

(e) If the indemnification to which an indemnified party is entitled under this Section 6 is for any reason unavailable to or insufficient although applicable in accordance with its terms to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims and damages incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims or damages, as well as any other relevant equitable considerations.

The relative fault of the Company on the one hand and the holders of the Registrable Securities or the Initial Purchaser on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the

holder of the Registrable Securities or the Initial Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(e) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 6(e). The aggregate amount of losses, liabilities, claims and damages incurred by an indemnified party and referred to above in this Section 6(e) shall be deemed to include any out-of-pocket legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 6, neither the Holder of any Registrable Securities nor the Initial Purchaser shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which the Registrable Securities sold by such Holder of Registrable Securities or by the Initial Purchaser, as the case may be, and distributed to the public were offered to the public exceeds the amount of any damages that such Holder of Registrable Securities or the Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 6(e), each person, if any, who controls the Initial Purchaser or any Holder of Registrable Securities within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Initial Purchaser or such Holder, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Company.

SECTION 7. Information Requirements. The Company covenants that, if at any time before the end of the Effectiveness Period the Company is not subject to the reporting requirements of the Exchange Act, it will cooperate with any Holder of Registrable Securities and take such further reasonable action as any Holder of Registrable Securities may reasonably request in writing (including, without limitation, making such reasonable representations as any such Holder may reasonably request), all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitations of Rule 144 and Rule 144A under the Securities Act and customarily taken in connection with sales pursuant to such exemptions. Notwithstanding the foregoing, nothing in this Section 7 shall be deemed to require the Company to register any of its securities under any section of the Exchange Act.

SECTION 8. Miscellaneous.

(a) No Conflicting Agreements. The Company is not, as of the date hereof, a party to, nor shall it, on or after the date of this Agreement, enter into, any agreement with respect to the Company's securities that conflicts with the rights granted to the Holders of Registrable Securities in this Agreement. The Company represents and warrants that the rights granted to the Holders of Registrable Securities hereunder do not in any way conflict with the rights granted to the holders of the Company's securities under any other agreements.

(b) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of a majority of the then outstanding Underlying Common Stock constituting Registrable Securities (with Holders of Notes deemed to be the Holders, for purposes of this Section, of the number of outstanding shares of Underlying Common Stock into which such Notes are or would be convertible or exchangeable as of the date on which such consent is requested). Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders of Registrable Securities may be given by Holders of at least a majority of the Registrable Securities being sold by such Holders pursuant to such Registration Statement; provided, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence. Each Holder of Registrable Securities outstanding at the time of any such amendment, modification, supplement, waiver or consent or thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 8(b), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, by telecopier, by courier guaranteeing overnight delivery or by first-class mail, return receipt requested, and shall be deemed given (i) when made, if made by hand delivery, (ii) upon confirmation, if made by telecopier, (iii) one (1) Business Day after being deposited with such courier, if made by overnight courier, or (iv) on the date indicated on the notice of receipt, if made by first-class mail, to the parties as follows:

if to a Holder of Registrable Securities that is not a Notice Holder, at the address for such Holder then appearing in the Registrar (as defined in the Indenture);

if to a Notice Holder, at the most current address given by such Holder to the Company in a Notice and Questionnaire or any amendment thereto;

if to the Company, to:
Ocwen Financial Corporation
1675 Palm Beach Lakes Boulevard
West Palm Beach, FL 33401
Attn: Legal Department
Facsimile No.: (561) 471-4264

with a copy (which shall not constitute notice) to:

Sidley Austin Brown & Wood LLP
Bank One Plaza
10 South Dearborn
Street
Chicago, IL 60603
Attention: David J. Zampa, Esq.
Facsimile No.: (312) 853-7036

and,

if to the Initial Purchaser, to:

Jefferies & Company, Inc.
520 Madison Avenue, 12th Floor
New York, New York 10022
Attention: General Counsel
Facsimile No.: (212) 284-2280

or to such other address as such person may have furnished to the other persons identified in this Section 8(c) in writing in accordance herewith.

(a) Approval of Holders. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or its Affiliates (other than the Initial Purchaser or subsequent Holders of Registrable Securities if such subsequent Holders are deemed to be such Affiliates solely by reason of their holdings of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(b) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto and, without requiring any express assignment, shall inure to the benefit of and be binding upon each Holder of any Registrable Securities; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement. If any transferee of any Holder shall acquire Registrable Securities in any manner, whether by operation of law or otherwise, such Registrable Securities shall be subject to all of the terms of this Agreement and by taking and holding such Registrable Securities, such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement.

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

(d) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(e) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PROVISIONS THEREOF.

(f) Severability. If any term, provision, covenant or restriction of this Agreement is held to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

(g) Entire Agreement. This Agreement is intended by the parties hereto as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and the registration rights granted by the Company with respect to the Registrable Securities. Except as provided in the Purchase Agreement, there are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and undertakings among the parties hereto with respect to such registration rights.

(h) Termination. This Agreement and the obligations of the parties hereunder shall terminate upon the expiration of the Effectiveness Period, except for (i) any liabilities or obligations under Section 4, 5 or 6 hereof and the obligations to make payments of and provide for Additional Amounts under Section 2(e) hereof to the extent such damages accrue prior to the end of the Effectiveness Period, each of which shall remain in effect in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

Very truly yours,

Ocwen Financial Corporation

By: /s/ M. ZEIDMAN

Name: Mark S. Zeidman
Title: Senior Vice President and Chief
Financial Officer

Agreed and accepted as of the date
first above written:

Jefferies & Company, Inc.

By: /s/ RAYMOND J. MINELLA

Name: Raymond J. Minella
Title: Managing Director

OCWEN FINANCIAL CORPORATION

3.25% Contingent Convertible Unsecured Senior Notes Due 2024

INDENTURE

Dated as of July 28, 2004

THE BANK OF NEW YORK TRUST COMPANY, N.A.

TRUSTEE

Exhibit 4.8

Reconciliation and tie between
Trust Indenture Act of 1939 and Indenture

Trust Indenture Act Section	Indenture Section
310(a)(1).....	Section 7.10
310(a)(2).....	Section 7.10
310(b).....	Section 7.08
	Section 7.10
311(a).....	Section 7.11
311(b).....	Section 7.11
312(a).....	Section 2.05
312(b).....	Section 12.03
312(c).....	Section 12.03
313(a).....	Section 7.06
313(b).....	Section 7.06
313(d).....	Section 7.06
314(a).....	Section 4.02
314(c).....	Section 12.04
314(e).....	Section 12.05
315(a).....	Section 7.01
315(b).....	Section 7.05
315(c).....	Section 7.01
315(d)(1).....	Section 7.01
315(d)(2).....	Section 7.01
315(d)(3).....	Section 7.01
315(e).....	Section 6.11
316(a)(1)(A).....	Section 6.05
316(a)(1)(B).....	Section 6.04
316(b).....	Section 6.07
316(c).....	Section 1.04
317(a).....	Section 6.08
317(b).....	Section 2.04

TABLE OF CONTENTS

Article 1 Definitions And Incorporation By Reference.....	1
Section 1.01 . Definitions.....	1
Section 1.02 . Incorporation by Reference of Trust Indenture Act:.....	5
Section 1.03 . Rules of Construction. Unless the context otherwise requires:.....	6
Section 1.04 . Acts of Holders.....	6
Article 2 The Securities.....	6
Section 2.01 . Form and Dating.....	6
Section 2.02 . Execution and Authentication.....	7
Section 2.03 . Registrar, Paying Agent and Conversion Agen	7
Section 2.04 . Paying Agent to Hold Money and Securities in Trust.....	8
Section 2.05 . Securityholder Lists.....	8
Section 2.06 . Transfer and Exchange.....	8
Section 2.07 . Replacement Securities.....	9
Section 2.08 . Outstanding Securities; Determinations of Holders' Action...	9
Section 2.09 . Temporary Securities.....	10
Section 2.10 . Cancellation.....	10
Section 2.11 . Persons Deemed Owners.....	10
Section 2.12 . Global Securities.....	10
Section 2.13 . CUSIP Numbers.....	13
Article 3 Redemption and Repurchases.....	13
Section 3.01 . Company's Right to Redeem; Notices to Trustee	13
Section 3.02 . Selection of Securities to be Redeemed.....	13
Section 3.03 . Notice of Redemption	13
Section 3.04 . Effect of Notice of Redemption.....	14
Section 3.05 . Deposit of Redemption Price.....	14
Section 3.06 . Securities Redeemed in Part	14
Section 3.07 . Repurchase of Securities by the Company at Option of the Holder:.....	14
Section 3.08 . Repurchase of Securities at Option of the Holder upon a Change of Control	15
Section 3.09 . Effect of Repurchase Notice or Fundamental Change Repurchase Notice.....	18
Section 3.10 . Deposit of Repurchase Price or Fundamental Change Repurchase Price.....	19
Section 3.11 . Securities Purchased in Part.....	19

Section 3.12 . Covenant to Comply with Securities Laws upon Purchase of Securities.....	19
Section 3.13 . Repayment to the Company	19
Article 4 Covenants.....	19
Section 4.01 . Payment of Securities.....	19
Section 4.02 . SEC and Other Reports.....	19
Section 4.03 . Compliance Certificate.....	20
Section 4.04 . Further Instruments and Acts.....	20
Section 4.05 . Maintenance of Office or Agency.....	20
Section 4.06 . Delivery of Certain Information.....	20
Section 4.07 . Liquidated Damages Notice.....	20
Article 5 Successor Person.....	20
Section 5.01 . When Company may Merge or Transfer Assets.....	20
Article 6 Defaults And Remedies.....	21
Section 6.01 . Events of Default.....	21
Section 6.02 . Acceleration.....	22
Section 6.03 . Other Remedies.....	22
Section 6.04 . Waiver of Past Defaults.....	22
Section 6.05 . Control by Majority.....	23
Section 6.06 . Limitation on Suits.....	23
Section 6.07 . Rights of Holders to Receive Payment	23
Section 6.08 . Collection Suit by Trustee	23
Section 6.09 . Trustee May File Proofs of Claim.....	23
Section 6.10 . Priorities.....	24
Section 6.11 . Undertaking for Costs.....	24
Section 6.12 . Waiver of Stay, Extension or Usury Laws.....	24
Article 7 Trustee.....	24
Section 7.01 . Duties of Trustee.....	24
Section 7.02 . Rights of Trustee.....	25
Section 7.03 . Individual Rights of Trustee.....	26
Section 7.04 . Trustee's Disclaimer.....	26
Section 7.05 . Notice of Defaults.....	26
Section 7.06 . Reports by Trustee to Holders.....	26
Section 7.07 . Compensation and Indemnity.....	26
Section 7.08 . Replacement of Trustee.....	27

Section 7.09 . Successor Trustee by Merger.....	27
Section 7.10 . Eligibility; Disqualification.....	27
Section 7.11 . Preferential Collection of Claims Against Company.....	27
Article 8 Discharge Of Indenture.....	28
Section 8.01 . Discharge of Liability on Securities.....	28
Section 8.02 . Repayment to the Company.....	28
Article 9 Amendments.....	28
Section 9.01 . Without Consent of Holders.....	28
Section 9.02 . With Consent of Holders.....	29
Section 9.03 . Compliance with Trust Indenture Act.....	29
Section 9.04 . Revocation and Effect of Consents; Waivers and Actions.....	29
Section 9.05 . Notation on or Exchange of Securities.....	30
Section 9.06 . Trustee to Sign Supplemental Indentures.....	30
Section 9.07 . Effect of Supplemental Indentures.....	30
Article 10 Conversions.....	30
Section 10.01 . Conversion Privilege.....	30
Section 10.02 . Conversion Procedure; Conversion Rate; Fractional Shares..	31
Section 10.03 . Payment upon Conversion.....	32
Section 10.04 . Adjustment of Conversion Rate.....	33
Section 10.05 . Effect of Reclassification; Consolidation; Merger or Sale.	37
Section 10.06 . Taxes on Shares Issued.....	38
Section 10.07 . Reservation of Shares, Shares to be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock.....	38
Section 10.08 . Responsibility of Trustee.....	38
Section 10.09 . Notice to Holders Prior to Certain Actions.....	39
Section 10.10 . Rights Issued in Respect of Common Stock Issued upon Conversion	39
Section 10.11 . Unconditional Rights of Holders to Convert.....	39
Article 11 Make-Whole Premium.....	39
Section 11.01 . Make-Whole Premium.....	39
Section 11.02 . Adjustments Relating To The Make-whole Premium.....	41
Section 11.03 . Calculation Of The Make-whole Premium.....	41
Article 12 Miscellaneous.....	41
Section 12.01 . Trust Indenture Act Controls	41
Section 12.02 . Notices.....	41

Section 12.03 .	Communication by Holders with Other Holders.....	42
Section 12.04 .	Certificate and Opinion as to Conditions Precedent.....	42
Section 12.05 .	Statements Required in Certificate or Opinion.....	42
Section 12.06 .	Separability Clause.....	42
Section 12.07 .	Rules by Trustee, Paying Agent, Conversion Agent and Registrar.....	42
Section 12.08 .	Legal Holidays.....	42
Section 12.09 .	GOVERNING LAW.....	42
Section 12.10 .	No Recourse Against Others.....	42
Section 12.11 .	Successors.....	42
Section 12.12 .	Multiple Originals.....	42

EXHIBIT A	Form of Global Security
EXHIBIT B	Form of Certificated Security
EXHIBIT C	Transfer Certificate

INDENTURE dated as of July 28, 2004 between OCWEN FINANCIAL CORPORATION, a Florida corporation (the "Company"), and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association (the "Trustee").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company's 3.25% Contingent Convertible Senior Unsecured Notes Due 2024:

Article 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. Definitions.

"144A Global Security" means a permanent Global Security in the form of the Security attached hereto as Exhibit A, and that is deposited with and registered in the name of the Depository, representing Securities sold in reliance on Rule 144A under the Securities Act.

"Accounting Event" means that the Emerging Issues Task Force of the Financial Accounting Standards Board has issued in final form, an amendment to, change in or clarification of rules relating to accounting treatment of contingent convertible securities, as a result of which the Company is required, under then current generally accepted accounting principles, to include the full number of shares of Common Stock into which the Securities may be converted in determining the number of shares of Common Stock outstanding for purposes of calculating diluted earnings per share without regard to fulfillment of any related contingencies.

"Adjustment Event" shall have the meaning set forth in Section 10.04(j).

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent Members" shall have the meaning set forth in Section 2.12(e)(v).

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Security or beneficial interest therein, the rules and procedures of the Depository for such Security, in each case to the extent applicable to such transaction and as in effect from time to time.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution of the Board of Directors.

"Business Day" means, with respect to any Security, a day, other than a Saturday or Sunday, that in the City of New York, is not a day on which banking institutions are authorized or required by law, regulation or executive order to close.

"Capital Stock" for any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that corporation.

"Cash Amount" shall have the meaning set forth in Section 10.03(a)(iii).

"Cash Settlement Averaging Period" means the 20 Trading Day period beginning the Trading Day following the final day of the Conversion Retraction Period.

"Cash Settlement Notice Period" shall have the meaning set forth in Section 10.03(a).

"Certificated Securities" means Securities that are in the form of the Securities attached hereto as Exhibit B.

"Change of Control" shall have the meaning set forth in Section 3.08.

"Close of business" means 5 p.m. (New York City time).

"Common Stock" means the common stock, \$0.01 par value per share, of the Company existing on the date of this Indenture or any other shares of Capital Stock of the Company into which such Common Stock shall be reclassified or changed, including, subject to Section 10.05 below, in the event of a merger, consolidation or other similar transaction involving the Company that is otherwise permitted hereunder in which the Company is not the surviving Person, the common stock of such surviving corporation.

"Company" means the party named as the "Company" in the preamble of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Company Notice" means a notice to Holders delivered pursuant to Section 3.07 or Section 3.08.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by any two Officers.

"Conversion Agent" shall have the meaning set forth in Section 2.03.

"Conversion Date" shall have the meaning set forth in Section 10.02(c).

"Conversion Obligation" shall have the meaning set forth in Section 10.01(a).

"Conversion Price" as of any date means \$1,000 divided by the Conversion Rate as of such date; provided that, for the purposes of Section 10.01(a), following any distribution of Distributed Assets as set forth in Section 10.04(d) or an Extraordinary Cash Dividend as set forth in Section 10.04(e), in each case where an adjustment to the Conversion Rate was not made pursuant to the provisos set forth therein, the Conversion Price shall be adjusted following such distribution by subtracting from the Conversion Price then in effect (x) in the case of a distribution of Distributed Assets, the Fair Market Value of the portion of Distributed Assets so distributed applicable to one share of Common Stock or (y) in the case of an Extraordinary Cash Dividend, the cash so distributed applicable to one share of Common Stock; provided further that if such subtraction produces a number less than \$1.00, the Conversion Price shall be \$1.00.

"Conversion Rate" has the meaning set forth in Section 10.02(a) hereof.

"Conversion Retraction Period" shall have the meaning set forth in Section 10.03(a).

"Conversion Settlement Date" means the date that is the third Business Day following the Conversion Date; provided, however, that if the Company elects to pay cash in lieu of Common Stock to satisfy all or any portion of the Conversion Obligation pursuant to Section 10.03, the Conversion Settlement Date shall be the Business Day following the last day of the Cash Settlement Averaging Period.

"Conversion Settlement Distribution" shall have the meaning set forth in Section 10.03.

"Corporate Trust Office" means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 10161 Centurion Parkway, Jacksonville, FL 32256, Attention: Corporate Trust Administration, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as a successor Trustee may designate from time to time by notice to the Holders and the Company).

"Current Market Price" on any date of determination shall mean the average of the daily Last Reported Sale Prices per share of Common Stock for the first 20 consecutive Trading Days from and including the Ex-Dividend Date with respect to the issuance, distribution, subdivision or combination requiring such computation immediately prior to the date in question. In the event that an issuance, distribution, subdivision, combination or tender or exchange offer to which Section 10.04 applies occurs during the period applicable for calculating the Current Market Price pursuant to the definition in the preceding sentence, the Current Market Price shall be calculated for such period in a manner determined by the Board of Directors to reflect the impact of such issuance, distribution, subdivision, combination or tender or exchange offer on the Last Reported Sale Price of the Common Stock during such period.

"Depository" shall have the meaning set forth in Section 2.01(a).

"Designated Subsidiary" shall mean any existing or future, direct or indirect, Subsidiary of the Company whose assets constitute 15% or more of the total assets of the Company on a consolidated basis.

"Determination Date" shall have the meaning set forth in Section 10.04(j).

"Distributed Assets" shall have the meaning set forth in Section 10.04(d).

"DTC" shall have the meaning set forth in Section 2.01(a).

"Effective Date" shall have the meaning set forth in Section 11.01(d).

"Event of Default" shall have the meaning set forth in Section 6.01.

"Ex-Dividend Date" means (1) when used with respect to any issuance or distribution, the first date on which a sale of shares of the Common Stock, regular way, on the relevant exchange or in the relevant market for the Common Stock, does not automatically transfer the right to receive such issuance or distribution from the seller of the Common Stock to its buyer, and (2) when used with respect to any subdivision or combination of shares of Common Stock, the first date on which the Common Stock trades, regular way, on such exchange or in such market after the time at which such subdivision or combination becomes effective.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Expiration Time" shall have the meaning set forth in Section 10.04(f).

"Extraordinary Cash Dividend" shall have the meaning set forth in Section 10.04(e).

"Fair Market Value", or "fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's-length transaction.

"Final Notice Date" shall have the meaning set forth in Section 10.03.

"Fiscal Quarter" shall have the meaning set forth in Section 10.01(a)(i).

"Fundamental Change" shall have the meaning set forth in Section 3.08(a).

"Fundamental Change Repurchase Date" shall have the meaning set forth in Section 3.08(a).

"Fundamental Change Repurchase Notice" shall have the meaning set forth in Section 3.08(c).

"Fundamental Change Repurchase Price" shall have the meaning set forth in Section 3.08(a).

"Global Securities" means Securities that are in the form of the Securities attached hereto as Exhibit A, and that are registered in the register of Securities in the name of a Depository or a nominee thereof, and to the extent that such Securities are required to bear the Legend required by Section 2.06(f), such Securities will be in the form of a 144A Global Security.

"Holder" or "Securityholder" means a person in whose name a Security is registered on the Registrar's books.

"Indenture" means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof, including the provisions of the TIA that are deemed to be a part hereof.

"Interest" means interest payable on each Security pursuant to Section 1 of the Securities.

"Interest Payment Date" means August 1 and February 1 of each year, commencing February 1, 2005.

"Interest Record Date" means July 15 and January 15 of each year.

"Issue Date" of any Security means the date on which the Security was originally issued or deemed issued as set forth on the face of the Security.

"Last Reported Sale Price" means, with respect to the Common Stock or any other security on any day, the closing sale price per share of the Common Stock or such other security on such day (or if no closing sale price is reported, the average of the reported closing bid and ask prices or, if there is more than one bid or ask price, the average of the average bid and the average ask prices) as reported in composite transactions for the principal United States securities exchange on which the Common Stock or such other security is listed, or if the Common Stock or such other security is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated.

"Legal Holiday" shall have the meaning set forth in Section 12.08.

"Legend" has the meaning set forth in Section 2.06(f).

"Liquidated Damages" means the interest that is payable by the Company pursuant to the Registration Rights Agreement upon an Event (as defined in such agreement).

"Liquidated Damages Notice" shall have the meaning set forth in Section 4.07.

"Make-Whole Percentage" has the meaning set forth in Section 11.01(d).

"Make-Whole Premium" has the meaning set forth in Section 11.01.

"Measurement Period" shall have the meaning set forth in Section 10.01(a)(ii).

"Nonelecting Share" shall have the meaning set forth in Section 10.05.

"Notice of Conversion" shall have the meaning set forth in Section 10.02(b).

"Notice of Default" shall have the meaning set forth in Section 6.01.

"NYSE" means the New York Stock Exchange, Inc.

"Offering Memorandum" means the offering memorandum dated July 22, 2004 relating to the offering by the Company of the Securities.

"Officer" means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the President, the Treasurer, any Vice President, the Secretary or any Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate containing the information specified in Sections 12.04 and 12.05, signed in the name of the Company by any two Officers, and delivered to the Trustee. An Officers' Certificate given pursuant to Section 4.03 shall be signed by an authorized financial or accounting Officer of the Company but need not contain the information specified in Sections 12.04 and 12.05.

"Opinion of Counsel" means a written opinion containing the information specified in Sections 12.04 and 12.05, from legal counsel. The counsel may be an employee of, or counsel to, the Company.

"Paying Agent" shall have the meaning set forth in Section 2.03.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 2.07 hereof in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Purchase Agreement" means the Purchase Agreement dated July 22, 2004 between the Company and Jefferies & Company, Inc., as the initial purchaser.

"Purchased Shares" shall have the meaning set forth in Section 10.04(f)(i).

"QIBs" shall have the meaning set forth in Section 2.01(a).

"Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

"Redemption Date" means the date specified in a notice of redemption on which the Securities may be redeemed in accordance with the terms of the Securities and this Indenture.

"Redemption Price" or "redemption price" shall have the meaning set forth in Section 3.01.

"Registrar" shall have the meaning set forth in Section 2.03.

"Registration Rights Agreement" means the Registration Rights Agreement, dated the date hereof, between the Company and Jefferies & Company, Inc., as the initial purchaser under the Purchase Agreement.

"Repurchase Date" shall have the meaning set forth in Section 3.07.

"Repurchase Notice" shall have the meaning set forth in Section 3.07(j)(i).

"Repurchase Price" shall have the meaning set forth in Section 3.07.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant treasurer, trust officer or any other officer associated with the corporate trust department of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Restricted Security" means a Security required to bear the Legend.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A Information" shall have the meaning set forth in Section 4.06.

"Schedule TO" means a tender offer statement on a Schedule TO.

"SEC" means the Securities and Exchange Commission.

"Securities" means any of the Company's 3.25% Contingent Convertible Senior Unsecured Notes Due 2024, as amended or supplemented from time to time, issued under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Securityholder" or "Holder" means a person in whose name a Security is registered on the Registrar's books.

"Stated Maturity" means, with respect to any Security, August 1, 2024.

"Stock Price" shall have the meaning set forth in Section 11.01(d).

"Stock Price Cap" shall have the meaning set forth in Section 11.01(d).

"Stock Price Floor" shall have the meaning set forth in Section 11.01(d).

"Subsidiary" means any person of which at least a majority of the outstanding Voting Stock shall at the time directly or indirectly be owned or controlled by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries.

"Termination of Trading" shall have the meaning set forth in Section 3.08(a).

"TIA" means the Trust Indenture Act of 1939 as in effect on the date of this Indenture, provided, however, that in the event the TIA is amended after such date, TIA means, to the extent required by any such amendment, the TIA as so amended.

"Trading Day" means a day during which trading in securities generally occurs on the principal United States securities exchange on which the Common Stock then is listed or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded or quoted.

"Trading Price" of the Securities on any Trading Day means the average of the secondary market bid quotations per Security obtained by the Trustee for \$1,000,000 principal amount of the Securities at approximately 3:30 p.m., New York City time, on such Trading Day from three independent nationally recognized securities dealers the Company selects, provided that if at least three such bids cannot reasonably be obtained by the Trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Trustee, that one bid shall be used. If the Trustee cannot reasonably obtain at least one bid for \$1,000,000 principal amount of the Securities from a nationally recognized securities dealer on such Trading Day, then the Trading Price per \$1,000 principal amount of the Securities will be deemed to be less than 98% of the Last Reported Sale Price of the Common Stock on such Trading Day multiplied by the Conversion Rate then in effect.

"Trigger Event" shall have the meaning set forth in Section 10.04(d).

"Trustee" means the party named as the "Trustee" in the preamble of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Voting Stock" of a person means Capital Stock of such person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such person (irrespective of whether or not at the time Capital Stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

Section 1.02. Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Securities.

"indenture security holder" means a Securityholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

Section 1.03. Rules of Construction. Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect from time to time;
- (c) "or" is not exclusive;
- (d) "including" means including, without limitation; and
- (e) words in the singular include the plural, and words in the plural include the singular.

Section 1.04. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company, as described in Section 12.02. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to such officer the execution thereof. Where such execution is by a signer acting in a capacity other than such signer's individual capacity, such certificate or affidavit shall also constitute sufficient proof of such signer's authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The principal amount and serial number of any Security and the ownership of Securities shall be proved by the register for the Securities.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

Article 2 THE SECURITIES

Section 2.01. Form and Dating. The Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibits A and B, which are a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage (provided that any such notation, legend or endorsement required by usage is in a form

acceptable to the Company). The Company shall provide any such notations, legends or endorsements to the Trustee in writing. Each Security shall be dated the date of its authentication.

(a) 144A Global Securities. Securities offered and sold within the United States to qualified institutional buyers as defined in Rule 144A ("QIBs") in reliance on Rule 144A shall be issued, initially in the form of a 144A Global Security, which shall be deposited with the Trustee at its Corporate Trust Office, as custodian for the Depository (as defined below) and registered in the name of The Depository Trust Company ("DTC") or the nominee thereof (DTC, or any successor thereto, and any such nominee being hereinafter referred to as the "Depository"), duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the 144A Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository as hereinafter provided.

(b) Global Securities in General. Each Global Security shall represent such of the outstanding Securities as shall be specified therein and each shall provide that it shall represent the aggregate amount of outstanding Securities from time to time endorsed thereon and that the aggregate amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, redemptions, repurchases and conversions.

Any adjustment of the aggregate principal amount of a Global Security to reflect the amount of any increase or decrease in the amount of outstanding Securities represented thereby shall be made by the Trustee in accordance with instructions given by the Holder thereof as required by Section 2.12 hereof and shall be made on the records of the Trustee and the Depository.

(c) Book-Entry Provisions. This Section 2.01(c) shall apply only to Global Securities deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.01(c), authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository, (b) shall be delivered by the Trustee to the Depository or held by the Trustee pursuant to the Depository's instructions and (c) shall be substantially in the form of Exhibit A attached hereto.

(d) Certificated Securities. Securities not issued as interests in the Global Securities will be issued in certificated form substantially in the form of Exhibit B attached hereto.

Section 2.02. Execution and Authentication. The Securities shall be executed on behalf of the Company by an Officer. The signature of the Officer on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signature of an individual who was, at the time of the execution of the Securities, an Officer shall bind the Company, notwithstanding that such individual has ceased to hold such office prior to the authentication and delivery of such Securities or did not hold such office at the date of authentication of such Securities.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

The Trustee shall authenticate and deliver the Securities for original issue in an aggregate principal amount of up to \$150,000,000 (up to \$175,000,000 aggregate principal amount if the initial purchaser's option set forth in the Purchase Agreement is exercised in full) upon one or more Company Orders without any further action by the Company (other than as contemplated in Section 12.04 and Section 12.05 hereof). The aggregate principal amount of the Securities due at the Stated Maturity thereof outstanding at any time may not exceed the amount set forth in the foregoing sentence.

The Securities shall be issued only in registered form without coupons and only in denominations of \$1,000 of principal amount and any integral multiple of \$1,000.

Section 2.03. Registrar, Paying Agent and Conversion Agent. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange ("Registrar"), an office or agency where Securities may be presented for purchase or payment ("Paying Agent") and an office or agency where Securities may be presented for conversion ("Conversion Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may have one or more co-registrars, one or more additional paying agents and one or more additional conversion agents. The term Paying Agent includes any additional paying agent, including any named pursuant to Section 4.05. The term Conversion Agent includes any additional conversion agent, including any named pursuant to Section 4.05.

The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent, Conversion Agent, or co-registrar (in each case, if such Registrar, agent or co-registrar is a Person other than the Trustee). The agreement shall implement the provisions of this Indenture that relate to such

agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar, Paying Agent or Conversion Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Company or any Subsidiary or an Affiliate of either of them may act as Paying Agent, Registrar, Conversion Agent or co-registrar.

The Company initially appoints the Trustee as Registrar, Conversion Agent and Paying Agent in connection with the Securities.

Section 2.04. Paying Agent to Hold Money and Securities in Trust. Except as otherwise provided herein, on or prior to each due date of payments in respect of any Security, the Company shall deposit with the Paying Agent a sum of money (in immediately available funds if deposited on the due date) or shares of Common Stock sufficient to make such payments when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money and shares of Common Stock held by the Paying Agent for the making of payments in respect of the Securities and shall notify the Trustee of any default by the Company in making any such payment. At any time during the continuance of any such default, the Paying Agent shall, upon the written request of the Trustee, forthwith pay to the Trustee all money and shares of Common Stock so held in trust. If the Company, a Subsidiary or an Affiliate of either of them acts as Paying Agent, it shall segregate the money and shares of Common Stock held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money and shares of Common Stock held by it to the Trustee and to account for any funds and Common Stock disbursed by it. Upon doing so, the Paying Agent shall have no further liability for the money or shares of Common Stock.

Section 2.05. Securityholder Lists. The Trustee shall preserve the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Company shall cause to be furnished to the Trustee at least semiannually on July 15 and January 15 a listing of Securityholders dated within 15 days of the date on which the list is furnished and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders.

Section 2.06. Transfer and Exchange.

(a) Subject to Section 2.12 hereof, upon surrender for registration of transfer of any Security, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Securityholder or such Securityholder's attorney duly authorized in writing, at the office or agency of the Company designated as Registrar or co-registrar pursuant to Section 2.03, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denomination or denominations, of a like aggregate principal amount. The Company shall not charge a service charge for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the transfer or exchange of the Securities from the Securityholder requesting such transfer or exchange.

At the option of the Holder, Securities may be exchanged for other Securities of any authorized denomination or denominations, of a like aggregate principal amount upon surrender of the Securities to be exchanged, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Securityholder or such Securityholder's attorney duly authorized in writing, at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities that the Holder making the exchange is entitled to receive.

The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities in respect of which a Repurchase Notice or Fundamental Change Repurchase Notice has been given and not withdrawn by the Holder thereof in accordance with the terms of this Indenture (except, in the case of Securities to be purchased in part, the portion thereof not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

(b) Notwithstanding any provision to the contrary herein, so long as a Global Security remains outstanding and is held by or on behalf of the Depository, transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.12 and this Section 2.06(b). Transfers of a Global Security shall be limited to transfers of such Global Security in whole or in part, to the Depository, to nominees of the Depository or to a successor of the Depository or such successor's nominee.

(c) Successive registrations and registrations of transfers and exchanges as aforesaid may be made from time to time as desired, and each such registration shall be noted on the register for the Securities.

(d) Any Registrar appointed pursuant to Section 2.03 hereof shall provide to the Trustee such information as the Trustee may reasonably require in connection with the delivery by such Registrar of Securities upon transfer or exchange of Securities.

(e) No Registrar shall be required to make registrations of transfer or exchange of Securities during any periods designated in the text of the Securities or in this Indenture as periods during which such registration of transfers and exchanges need not be made.

(f) If Securities are issued upon the transfer, exchange or replacement of Securities subject to restrictions on transfer and bearing the legends set forth on the forms of Security attached hereto as Exhibits A and B setting forth such restrictions (collectively, the "Legend"), or if a request is made to remove the Legend on a Security, the Securities so issued shall bear the Legend, or the Legend shall not be removed, as the case may be, unless there is delivered to each of the Company, the Trustee and the Registrar (if not the same Person as the Trustee) such satisfactory evidence, which shall include an opinion of counsel, as may be reasonably required by the Company, the Trustee and the Registrar (if not the same Person as the Trustee), that neither the Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 under the Securities Act or that such Securities are not "restricted" within the meaning of Rule 144 under the Securities Act. Upon (i) provision of such satisfactory evidence or (ii) notification by the Company to the Trustee and Registrar of the sale of such Security pursuant to a registration statement that is effective at the time of such sale, the Trustee, at the written direction of the Company, shall authenticate and deliver a Security that does not bear the Legend. If the Legend is removed from the face of a Security and the Security is subsequently held by the Company or an Affiliate of the Company, the Legend shall be reinstated.

Section 2.07. Replacement Securities. If (a) any mutilated Security is surrendered to the Trustee or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon its written request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and principal amount, bearing a certificate number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, or is about to be purchased by the Company pursuant to Article 3 hereof, the Company in its discretion may, instead of issuing a new Security, pay or purchase such Security, as the case may be.

Upon the issuance of any new Securities under this Section 2.07, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section 2.07 in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section 2.07 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.08. Outstanding Securities; Determinations of Holders' Action. Securities outstanding at any time are all the Securities authenticated by the Trustee except for those cancelled by it, those paid pursuant to Section 2.07, those delivered to it for cancellation and those described in this Section 2.08 as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate thereof holds the Security; provided, however, that in determining whether the Holders of the requisite principal amount of Securities have given or concurred in any request, demand, authorization, direction, notice, consent, waiver, or other Act hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other act, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Subject to the foregoing, only Securities outstanding at the time of such determination shall be considered in any such determination (including, without limitation, determinations pursuant to Articles 6 and 9).

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If the Paying Agent holds, in accordance with this Indenture, on a Redemption Date, or on the Business Day immediately following a Repurchase Date or a Fundamental Change Repurchase Date, or on Stated Maturity, money or securities, if permitted hereunder, sufficient to pay Securities payable on that date (including, in the case of a Fundamental Change Repurchase Date, any Make-Whole Premium), then immediately after such Redemption Date, Repurchase Date, Fundamental Change Repurchase Date or Stated Maturity, as the case may be, such Securities shall cease to be outstanding and Interest and Liquidated Damages, if any, on such Securities shall cease to accrue; provided, that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made.

If a Security is converted in accordance with Article 10, then from and after the time of conversion on the date of conversion, such Security shall cease to be outstanding and Interest and Liquidated Damages, if any, shall cease to accrue on such Security.

Section 2.09. Temporary Securities. Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 2.03, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

Section 2.10. Cancellation. All Securities surrendered for payment, purchase by the Company pursuant to Article 3, conversion, redemption or registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, the Registrar or the Paying Agent, as the case may be, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. The Company may not issue new Securities to replace Securities it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article 10. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with the Trustee's customary procedure.

Section 2.11. Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of the principal amount of the Security or any portion thereof, or the payment of any Redemption Price, Repurchase Price or Fundamental Change Repurchase Price in respect thereof, and Interest or Liquidated Damages thereon, for the purpose of conversion and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 2.12. Global Securities.

(a) Notwithstanding any other provisions of this Indenture or the Securities, (A) transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.06 and Section 2.12(a)(i) below, (B) transfers of a beneficial interest in a Global Security for a Certificated Security shall comply with Section 2.06, Section 2.12(a)(ii) and Section 2.12(e)(i), and (C) transfers of a Certificated Security shall comply with Section 2.06, Section 2.12(a)(iii) and Section 2.12(a)(iv).

(i) Transfer of Global Security. A Global Security may not be transferred, in whole or in part, to any person other than the Depository or a nominee or any successor thereof, and no such transfer to any such other Person may be registered; provided that this clause shall not prohibit any transfer of a Security that is issued in exchange for a Global Security but is not itself a Global Security. No transfer of a Security to any Person shall be effective under this Indenture or the Securities unless and until such Security has been registered in the name of such Person. Nothing in this Section 2.12(a)(i) shall prohibit or render ineffective any transfer of a beneficial interest in a Global Security effected in accordance with the other provisions of this Section 2.12(a).

(ii) Restrictions on Transfer of a Beneficial Interest in a Global Security for a Certificated Security. A beneficial interest in a Global Security may not be exchanged for a Certificated Security except upon satisfaction of the requirements set forth below and in Section 2.12(e)(i) below. Upon receipt by the Trustee of a transfer of a beneficial interest in a Global Security in accordance with Applicable Procedures for a Certificated Security in the form satisfactory to the Trustee, together with:

(A) so long as the Securities are Restricted Securities, certification in the form set forth in Exhibit C;

(B) written instructions to the Trustee to make, or direct the Registrar to make, an adjustment on its books and records with respect to such Global Security to reflect a decrease in the aggregate principal amount of the Securities represented by the Global Security, such instructions to contain information regarding the Depository account to be credited with such decrease; and

(C) if the Company or the Trustee so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the Legend,

then the Trustee shall cause, or direct the Registrar to cause, in accordance with the standing instructions and procedures existing between the Depository and the Registrar, the aggregate principal amount of the Securities represented by the Global Security to be decreased by the aggregate principal amount of the Certificated Security to be issued, shall issue such Certificated Security and shall debit or cause to be debited to the account of the person specified in such instructions a beneficial interest in the Global Security equal to the principal amount of the Certificated Security so issued.

(iii) Transfer and Exchange of Certificated Securities. When Certificated Securities are presented to the Registrar with a request:

(y) to register the transfer of such Certificated Securities; or

(z) to exchange such Certificated Securities for an equal principal amount of Certificated Securities of other authorized denominations,

the Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Certificated Securities surrendered for transfer or exchange:

(A) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing; and

(B) so long as such Securities are Restricted Securities, such Securities are being transferred or exchanged pursuant to an effective registration statement under the Securities Act or pursuant to clause (1), (2) or (3) below, and are accompanied by the following additional information and documents, as applicable:

(1) if such Certificated Securities are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect; or

(2) if such Certificated Securities are being transferred to the Company, a certification to that effect; or

(3) if such Certificated Securities are being transferred pursuant to an exemption from registration, (i) a certification to that effect (in the form set forth in Exhibit C, if applicable) and (ii) if the Company or the Trustee so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the Legend.

(iv) Restrictions on Transfer of a Certificated Security for a Beneficial Interest in a Global Security. A Certificated Security may not be exchanged for a beneficial interest in a Global Security except upon satisfaction of the requirements set forth below.

Upon receipt by the Trustee of a Certificated Security, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with:

(A) so long as the Securities are Restricted Securities, certification, in the form set forth in Exhibit C, that such Certificated Security (1) is being transferred to a QIB in accordance with Rule 144A under the Securities Act or (2) is being transferred pursuant to and in compliance with Rule 144 under the Securities Act; and

(B) written instructions directing the Trustee to make, or to direct the Registrar to make, an adjustment on its books and records with respect to such Global Security to reflect an increase in the aggregate principal amount of the Securities represented by the Global Security, such instructions to contain information regarding the Depository account to be credited with such increase, then the Trustee shall cancel such Certificated Security and cause, or direct the Registrar to cause, in accordance with the standing instructions and procedures existing between the Depository and the Registrar, the aggregate principal amount of Securities represented by the Global Security to be increased by the aggregate principal amount of the Certificated Security to be exchanged, and shall credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the Global Security equal to the principal amount of the Certificated Security so cancelled. If no Global Securities are then outstanding, the Company shall issue and the Trustee shall authenticate, upon written order of the Company in the form of an Officers' Certificate, a new Global Security in the appropriate principal amount.

(b) Subject to Section 2.12(c), every Security shall be subject to the restrictions on transfer provided in the Legend including the delivery of an opinion of counsel, if so provided. Whenever any Restricted Security is presented or surrendered for registration of transfer or for exchange for a Security registered in a name other than that of the Holder, such Security must be accompanied by a certificate in substantially the form set forth in Exhibit

C, dated the date of such surrender and signed by the Holder of such Security, as to compliance with such restrictions on transfer. The Registrar shall not be required to accept for such registration of transfer or exchange any Security not so accompanied by a properly completed certificate.

(c) The restrictions imposed by the Legend upon the transferability of any Security shall cease and terminate when such Security has been sold pursuant to an effective registration statement under the Securities Act or transferred in compliance with Rule 144 under the Securities Act (or any successor provision thereto) or, if earlier, upon the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision). Any Security as to which such restrictions on transfer shall have expired in accordance with their terms or shall have terminated may, upon a surrender of such Security for exchange to the Registrar in accordance with the provisions of this Section 2.12 (accompanied, in the event that such restrictions on transfer have terminated by reason of a transfer in compliance with Rule 144 under the Securities Act or any successor provision, by an opinion of counsel having substantial experience in practice under the Securities Act and otherwise reasonably acceptable to the Company and the Trustee, addressed to the Company and the Trustee and in form acceptable to the Company and the Trustee, to the effect that the transfer of such Security has been made in compliance with Rule 144 under the Securities Act or such successor provision), be exchanged for a new Security, of like tenor and aggregate principal amount, which shall not bear the restrictive Legend. The Company shall inform the Trustee of the effective date of any registration statement registering the Securities under the Securities Act. The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the aforementioned opinion of counsel or registration statement.

(d) As used in the preceding two paragraphs of this Section 2.12, the term "transfer" encompasses any sale, pledge, transfer, loan, hypothecation, or other disposition of any Security.

(e) The provisions of clauses (i), (ii), (iii), (iv) and (v) of this Section 2.12(e) shall apply only to Global Securities:

(i) Notwithstanding any other provisions of this Indenture or the Securities, a Global Security shall not be exchanged in whole or in part for a Security registered in the name of any Person other than the Depository or one or more nominees thereof, provided that a Global Security may be exchanged for Securities registered in the names of any Person designated by the Depository in the event that (A) the Depository has notified the Company that it is unwilling or unable to continue as Depository for such Global Security or such Depository has ceased to be a "clearing agency" registered under the Exchange Act, and a successor Depository is not appointed by the Company within 90 days, (B) at any time, the Company, in its sole discretion but to the extent permitted by the Depository, determines not to have Securities represented by Global Securities, or (C) upon a request by or on behalf of the Depository, a beneficial interest in a Global Security may be exchanged for a security in registered form in accordance with the Depository's procedures. Any Global Security exchanged pursuant to clause (A) above shall be so exchanged in whole and not in part, and any Global Security exchanged pursuant to clause (B) above may be exchanged in whole or from time to time in part as directed by the Depository. Any Security issued in exchange for a Global Security or any portion thereof shall be a Global Security; provided that any such Security so issued that is registered in the name of a person other than the Depository or a nominee thereof shall not be a Global Security.

(ii) Securities issued in exchange for a Global Security or any portion thereof shall be issued in definitive, fully registered form, shall have an aggregate principal amount equal to that of such Global Security or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depository shall designate and shall bear the applicable legends provided for herein. Any Global Security to be exchanged in whole shall be surrendered by the Depository to the Registrar. With regard to any Global Security to be exchanged in part, either such Global Security shall be so surrendered for exchange or, if the Trustee is acting as custodian for the Depository or its nominee with respect to such Global Security, the principal amount thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Security issuable on such exchange to or upon the order of the Depository or an authorized representative thereof.

(iii) Subject to the provisions of clause (v) of this Section 2.12(e), the registered Holder may grant proxies and otherwise authorize any person, including Agent Members (as defined below) and persons that may hold interests through Agent Members, to take any action which a holder is entitled to take under this Indenture or the Securities.

(iv) In the event of the occurrence of any of the events specified in clause (i) of this Section 2.12(e), the Company will promptly notify the Trustee and make available to the Trustee a reasonable supply of Certificated Securities in definitive, fully registered form.

(v) Neither any members of, or participants in, the Depository (collectively, the "Agent Members") nor any other persons on whose behalf Agent Members may act shall have any rights under this Indenture with respect to any Global Security registered in the name of

the Depository or any nominee thereof, or under any such Global Security, and the Depository or such nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and holder of such Global Security for all purposes whatsoever; provided that an owner of a beneficial interest in a Global Security may directly enforce against the Company, without any proxy, comment, solicitation, waiver or any participation of the Depository, its right to exchange such beneficial interest for a Security in registered form pursuant to Section 2.12(e)(i) above. Notwithstanding the foregoing, nothing herein shall (A) prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or such nominee, as the case may be, or (B) impair, as between the Depository, its Agent Members and any other person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a holder of any Security.

Section 2.13. CUSIP Numbers. The Company may issue the Securities with one or more "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the CUSIP numbers.

Article 3 REDEMPTION AND REPURCHASES

Section 3.01. Company's Right to Redeem; Notices to Trustee. Prior to August 1, 2009, the Securities will not be redeemable at the Company's option. Beginning on August 1, 2009, the Company, at its option, may redeem the Securities for cash at any time as a whole, or from time to time in part, at a redemption price (the "Redemption Price") equal to 100% of the principal amount of the Securities redeemed, plus accrued and unpaid Interest, if any, and accrued and unpaid Liquidated Damages, if any, on the Securities redeemed to (but excluding) the Redemption Date; provided that if the Redemption Date falls after an Interest Record Date and on or prior to the related Interest Payment Date, the Redemption Price shall only be 100% of the principal amount of Securities to be redeemed and the Company shall pay such accrued and unpaid Interest to the record holder of the Securities on such Interest Record Date. If the Company elects to redeem Securities pursuant to this Section 3.01, it shall notify the Trustee in writing of the Redemption Date, the Conversion Rate, the principal amount of Securities to be redeemed and the Redemption Price.

The Company shall give the notice to the Trustee provided for in this Section 3.01 by a Company Order, at least 45 days but not more than 60 days before the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee).

Section 3.02. Selection of Securities to be Redeemed. If less than all of the Securities are to be redeemed, unless the procedures of the Depository provide otherwise, the Trustee shall select the Securities to be redeemed by lot, on a pro rata basis or by another method the Trustee considers fair and appropriate (so long as such method is not prohibited by the rules of any stock exchange or quotation association on which the Securities are then listed or quoted). Subject to the previous sentence, the Trustee shall make the selection within five Business Days after it receives the notice provided for in Section 3.01 from outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the principal amount of Securities that have denominations larger than \$1,000.

Securities and portions of Securities that the Trustee selects shall be in principal amounts of \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of the Securities selected to be redeemed and, in the case of any Securities selected for partial redemption, the method it has chosen for the selection of the Securities.

Securities and portions of Securities that are to be redeemed are convertible pursuant to Section 10.01(a)(iii) by the Holder until the close of business on the Business Day prior to the Redemption Date. If any Security selected for partial redemption is converted in part pursuant to Section 10.01(a)(iii) before termination of the conversion right with respect to the portion of the Security so selected, the converted portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption. Securities that have been converted during a selection of Securities to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection.

Section 3.03. Notice of Redemption. At least 30 days but not more than 60 days before a Redemption Date, the Company shall mail a notice of redemption by first-class mail, postage prepaid, to each Holder of Securities to be redeemed.

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

- (a) the Redemption Date;

- (b) the Redemption Price;
- (c) the Conversion Rate;
- (d) the name and address of the Paying Agent and the Conversion Agent;
- (e) that Securities called for redemption may be converted at any time before the close of business on the Business Day prior to the Redemption Date;
- (f) that Securities called for redemption and not converted will be redeemed on the Redemption Date;
- (g) that Holders who want to convert their Securities must satisfy the requirements set forth in the Securities;
- (h) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;
- (i) if fewer than all of the outstanding Securities are to be redeemed, the certificate numbers, if any, and principal amounts of the particular Securities to be redeemed;
- (j) that, unless the Company defaults in making payment of such Redemption Price, Interest and Liquidated Damages, if any, on Securities called for redemption will cease to accrue on and after the Redemption Date; and
- (k) the CUSIP number(s) of the Securities.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense, provided that the Company makes such request at least seven Business Days prior to the date by which such notice of redemption must be given to Holders in accordance with this Section 3.03 and the text of such notice is completed by the Company and delivered to the Trustee.

Section 3.04. Effect of Notice of Redemption. Once notice of redemption is given, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price stated in the notice (except for Securities that are converted in accordance with the terms of this Indenture) and from and after such date (unless the Company shall default in the payment of the Redemption Price) any accrued and unpaid Interest and Liquidated Damages, if any, on such Securities shall cease to bear Interest. Upon surrender to the Paying Agent, such Securities shall be paid at the Redemption Price.

Section 3.05. Deposit of Redemption Price. Prior to 10:00 a.m. (New York City time), on the Redemption Date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary or an Affiliate of either of them is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the Redemption Price of all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which on or prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted. The Paying Agent shall as promptly as practicable return to the Company any money not required for that purpose because of conversion of Securities pursuant to Article 10. If such money is then held by the Company in trust and is not required for such purpose it shall be discharged from such trust.

Section 3.06. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate and deliver to the Holder a new Security in an authorized denomination equal in principal amount to the unredeemed portion of the Security surrendered.

Section 3.07. Repurchase of Securities by the Company at Option of the Holder. Securities shall be purchased by the Company at the option of the Holder on August 1, 2009, August 1, 2014 and August 1, 2019 (each, a "Repurchase Date"), at a purchase price in cash equal to 100% of the principal amount of those Securities, plus any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, on those Securities, to (but excluding) such Repurchase Date (the "Repurchase Price"); provided that if any such Repurchase Date falls after an Interest Record Payment Date and on or prior to the related Interest Payment Date, the Repurchase Price shall only be 100% of the principal amount of those Securities and the Company shall pay such accrued and unpaid Interest to the record holder of the Securities on such Interest Record Date. Not later than 25 Business Days prior to any Repurchase Date, the Company shall mail a Company Notice by first class mail to the Trustee and to each Holder (and to beneficial owners as required by applicable law). The Company Notice shall include a form of Repurchase Notice to be completed by a Holder and shall state:

- (a) the Repurchase Price and the Conversion Rate;
- (b) the name and address of the Paying Agent and the Conversion Agent;
- (c) that Securities as to which a Repurchase Notice has been given may be converted if they are otherwise convertible only in accordance with Article 10 hereof and the terms of the Securities if the applicable Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;

(d) that Securities must be surrendered to the Paying Agent to collect payment;

(e) that the Repurchase Price for any Security as to which a Repurchase Notice has been given and not withdrawn will be paid promptly following the later of the Business Day immediately following the Repurchase Date and the time of surrender of such Security as described in clause (d) above;

(f) the procedures the Holder must follow to exercise its put rights under this Section 3.07 and a brief description of those rights;

(g) briefly, the conversion rights, if any, with respect to the Securities;

(h) the procedures for withdrawing a Repurchase Notice;

(i) that, unless the Company defaults in making payment on Securities for which a Repurchase Notice has been submitted, Interest or Liquidated Damages, if any, on such Securities will cease to accrue on and immediately after the Repurchase Date; and

(j) the CUSIP number of the Securities.

At the Company's request, the Trustee shall give such Company Notice in the Company's name and at the Company's expense; provided, however, that, the Company makes such request at least seven Business Days prior to the date by which such Company Notice must be given to Holders in accordance with this Section 3.07 and that the text of such Company Notice is prepared by the Company and delivered to the Trustee.

Purchases of Securities hereunder shall be made, at the option of the Holder thereof, upon:

(i) delivery to the Paying Agent by the Holder of a written notice of repurchase (a "Repurchase Notice") during the period beginning at any time from the opening of business on the date that is 20 Business Days prior to the relevant Repurchase Date until the close of business on the Repurchase Date stating:

(A) if Certificated Securities have been issued, the certificate number of the Security which the Holder will deliver to be repurchased or the appropriate Depository procedures if Certificated Securities have not been issued for such Security,

(B) the portion of the principal amount of the Security which the Holder will deliver to be repurchased, which portion must be in principal amounts of \$1,000 or an integral multiple of \$1,000, and

(C) that such Security shall be repurchased by the Company as of the Repurchase Date pursuant to the terms and conditions specified in Section 5 of the Securities and in this Indenture; and

(ii) delivery of such Security (together with all necessary endorsements) to the Paying Agent at any time after delivery of the Repurchase Notice at the offices of the Paying Agent, such delivery being a condition to receipt by the Holder of the Repurchase Price therefor; provided, however, that such Repurchase Price shall be so paid pursuant to this Section 3.07 only if the Security (together with all necessary endorsements) so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Repurchase Notice.

The Company shall repurchase from the Holder thereof, pursuant to this Section 3.07, a portion of a Security, if the principal amount of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the repurchase of all of a Security also apply to the repurchase of such portion of such Security.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 3.07 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Business Day immediately following the Repurchase Date or the time of delivery of the Security (together with all necessary endorsements).

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Repurchase Notice contemplated by this Section 3.07 shall have the right to withdraw such Repurchase Notice at any time prior to the close of business on the Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 3.09.

The Paying Agent shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

Section 3.08. Repurchase of Securities at Option of the Holder upon a Fundamental Change .

(a) If a Fundamental Change occurs (subject to certain exceptions set forth below), Securities not previously called for redemption or repurchased by the Company or converted by Holders shall be repurchased by the Company, at the option of the Holder thereof, at a purchase price in cash equal to 100% of the

principal amount of those Securities, plus any accrued and unpaid Interest, the Make-Whole Premium, if any, and accrued and unpaid Liquidated Damages, if any, on those Securities (the "Fundamental Change Repurchase Price") to, but not including, the date that is 30 days following the date of the notice of a Fundamental Change by the Company pursuant to Section 3.08(b) (the "Fundamental Change Repurchase Date"), subject to satisfaction by or on behalf of the Holder of the requirements set forth in Section 3.08(c). If the Fundamental Change Repurchase Date falls after an Interest Record Date and on or prior to the related Interest Payment Date, the Fundamental Change Repurchase Price shall be only 100% of the principal amount of those Securities and the Company shall pay such accrued and unpaid Interest and the Make-Whole Premium, if any, to the record holder of the Securities on such Interest Payment Date.

A "Fundamental Change" will, subject to the terms of this Indenture, be deemed to have occurred upon a Change of Control or a Termination of Trading.

A "Change of Control" will be deemed to have occurred at such time after the original issuance of the Securities when any of the following has occurred:

(i) as indicated by the filing of a Schedule TO under the Exchange Act or any other schedule, form, or report under the Exchange Act disclosing the acquisition by any Person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchase, merger or other acquisition transactions, of shares of the Capital Stock of the Company entitling that Person to exercise 50% or more of the total voting power of all shares of the Capital Stock of the Company entitled to vote generally in elections of directors, other than any acquisition by the Company, any Subsidiary of the Company, or any of the employee benefit plans of the Company (except that any of those Persons shall be deemed to have beneficial ownership of all securities it has the right to acquire, whether the right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition);

(ii) the Company consolidates or merges with or into any other Person (other than one or more Subsidiaries of the Company), any merger of another Person (other than one or more Subsidiaries of the Company) into the Company, or any conveyance, transfer, sale, lease or other disposition of all or substantially all of the properties and assets of the Company to another Person (other than one or more Subsidiaries of the Company), other than: (A) any transaction pursuant to which holders of shares of the Capital Stock of the Company immediately prior to the transaction have the entitlement to exercise, directly or indirectly, 50% or more of the total voting power of all shares of Capital Stock of the Company entitled to vote generally in elections of directors of the continuing or surviving Person immediately after giving effect to such issuance, or (B) any merger, share exchange, transfer of assets or similar transaction solely for the purpose of changing the jurisdiction of incorporation or form of organization of the Company and resulting in a reclassification, conversion or exchange of outstanding shares of Common Stock, if at all, solely into shares of common stock, ordinary shares or American Depositary Shares or other equity interests of the surviving Person or a direct or indirect parent of the surviving Person.

For the purposes of this Section 3.08(a), (x) whether a person is a "beneficial owner" shall be determined in accordance with Rule 13d-3 under the Exchange Act and (y) the term "person" includes any syndicate or group that would be deemed to be a "person" under Section 13(d)(3) of the Exchange Act.

Notwithstanding the foregoing, it shall not be considered a Fundamental Change if more than 90% of the consideration received by stockholders of the Company in the transaction or transactions (other than cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights) constituting a Change of Control consists of shares of common stock traded or to be traded immediately following a Change of Control on a national securities exchange or the Nasdaq National Market or that will be so traded or quoted when issued or exchanged, and, as a result of the transaction or transactions, the Securities become convertible into that common stock (and any rights attached thereto).

A "Termination of Trading" will be deemed to have occurred if the Common Stock of the Company (or other common stock into which the notes are then convertible) is neither listed for trading on a United States national securities exchange nor approved for trading on the Nasdaq National Market.

(b) No later than 30 days after the occurrence of a Fundamental Change that is not subject to the exception set forth in Section 3.08(a), the Company shall mail a Company Notice of the Fundamental Change by first class mail to the Trustee and to each Holder (and to beneficial owners as required by applicable law). The Company Notice shall include a form of Fundamental Change Repurchase Notice to be completed by the Holder and shall state:

(i) briefly, the events causing the Fundamental Change and the date of such Fundamental Change;

(ii) the date by which the Fundamental Change Repurchase Notice pursuant to this Section 3.08 must be delivered to the Paying Agent in order for a Holder to exercise the repurchase rights;

(iii) the Fundamental Change Repurchase Date;

(iv) the Fundamental Change Repurchase Price (exclusive of any Make-Whole Premium);

(v) whether a Make-Whole Premium is payable, and if so, the Stock Price, Effective Date and Make-Whole Percentage to be used in calculating such Make-Whole Premium;

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

(vii) the Conversion Rate;

(viii) that the Securities as to which a Fundamental Change Repurchase Notice has been given may be converted if they are otherwise convertible pursuant to Article 10 hereof only if the Fundamental Change Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;

(ix) that the Securities must be surrendered to the Paying Agent to collect payment;

(x) that the Fundamental Change Repurchase Price for any Security as to which a Fundamental Change Repurchase Notice has been duly given and not withdrawn will be paid promptly following the later of the Business Day immediately following the Fundamental Change Repurchase Date and the time of surrender of such Security as described in clause (ix);

(xi) briefly, the procedures the Holder must follow to exercise rights under this Section 3.08;

(xii) briefly, the conversion rights, if any, on the Securities;

(xiii) the procedures for withdrawing a Fundamental Change Repurchase Notice;

(xiv) that, unless the Company defaults in making payment of such Fundamental Change Repurchase Price, Interest and Liquidated Damages, if any, on Securities surrendered for purchase by the Company will cease to accrue immediately on the Fundamental Change Repurchase Date; and

(xv) the CUSIP number(s) of the Securities.

At the Company's request, the Trustee shall give such Company Notice in the Company's name and at the Company's expense; provided, however, that, in all cases, the text of such Company Notice shall be prepared by the Company.

(c) A Holder may exercise its rights specified in this Section 3.08 upon delivery of a written notice of purchase (a "Fundamental Change Repurchase Notice") to the Paying Agent at any time before the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date stating:

(i) the certificate number of the Security which the Holder will deliver to be purchased or the appropriate Depository procedures if Certificated Securities have not been issued;

(ii) the portion of the principal amount of the Security which the Holder will deliver to be purchased, which portion must be \$1,000 or an integral multiple of \$1,000; and

(iii) that such Security shall be purchased pursuant to the terms and conditions specified in the Securities and in this Indenture.

The delivery of such Security (together with all necessary endorsements) to the Paying Agent with the Fundamental Change Repurchase Notice at the offices of the Paying Agent shall be a condition to the receipt by the Holder of the Fundamental Change Repurchase Price therefor; provided, however, that such Fundamental Change Repurchase Price shall be so paid pursuant to this Section 3.08 only if the Security (together with all necessary endorsements) so delivered to the Paying Agent shall conform in all respects to the description thereof set forth in the related Fundamental Change Repurchase Notice.

The Company shall purchase from the Holder thereof, pursuant to this Section 3.08, a portion of a Security if the principal amount of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the purchase of all of a Security also apply to the purchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Section 3.08 shall be consummated by the delivery of the Fundamental Change Repurchase Price to be received by the Holder on the later of the Business Day

immediately following the Fundamental Change Repurchase Date or the time of book-entry transfer or delivery of such Security (together with all necessary endorsements).

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Repurchase Notice contemplated by this Section 3.08(c) shall have the right to withdraw such Fundamental Change Repurchase Notice at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 3.09.

The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written withdrawal thereof.

The Company will not be required to make a Fundamental Change offer upon a Fundamental Change if a third party makes the Fundamental Change offer in the manner, at the times and otherwise in compliance with the requirements set forth herein applicable to a Fundamental Change offer made by the Company and purchases all Securities validly tendered and not withdrawn under such Fundamental Change offer; provided, however, that if a holder of Securities provides a Fundamental Change Repurchase Notice to such third party, such notice shall also be deemed to have been made to the Company in the event that the third party defaults in its obligation to repurchase the Securities.

Section 3.09. Effect of Repurchase Notice or Fundamental Change Repurchase Notice.

(a) Payment of the Repurchase Price or the Fundamental Change Repurchase Price for a Security for which a Repurchase Notice or a Fundamental Change Repurchase Notice, as the case may be, has been delivered and not withdrawn in accordance with Section 3.09(b) or Section 3.09(c), as the case may be, is conditioned upon book-entry transfer or delivery of the Security, together with necessary endorsements, to the Paying Agent at any time after delivery of the Repurchase Notice or the Fundamental Change Repurchase Notice, as the case may be. The Company shall pay the Repurchase Price or the Fundamental Change Repurchase Price to the Paying Agent promptly following the later of the Repurchase Date or the Fundamental Change Repurchase Date or the time of book-entry transfer or delivery of the purchased Securities. If the Paying Agent holds money or securities sufficient to pay the Repurchase Price or the Fundamental Change Repurchase Price on the Business Day immediately following the Repurchase Date or the Fundamental Change Repurchase Date, then:

(i) the purchased Securities will cease to be outstanding and interest and Liquidated Damages, if any, will cease to accrue, and

(ii) all other rights of the Holders of such purchased Securities will terminate (other than the right to receive the Repurchase Price or the Fundamental Change Repurchase Price upon delivery or transfer of such purchased Securities),

in each case, whether or not book-entry transfer of the purchased Securities is made or whether or not the purchased Securities are delivered to the Paying Agent.

Securities in respect of which a Repurchase Notice or Fundamental Change Repurchase Notice has been given by the Holder thereof may not be converted pursuant to Article 10 hereof on or after the date of the delivery of such Repurchase Notice or Fundamental Change Repurchase Notice unless such Repurchase Notice or Fundamental Change Repurchase Notice has first been validly withdrawn in accordance with Section 3.09(b) or Section 3.09(c).

(b) A Repurchase Notice or Fundamental Change Repurchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, at any time prior to the close of business on the Repurchase Date or prior to the Business Day immediately preceding the Fundamental Change Repurchase Date, as the case may be, specifying:

(i) the certificate number of the Security in respect of which such notice of withdrawal is being submitted or the appropriate Depository procedures if Certificated Securities have not been issued for such Security,

(ii) the principal amount of the Security with respect to which such notice of withdrawal is being submitted, and

(iii) the principal amount, if any, of such Security which remains subject to the original Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, and which has been or will be delivered for purchase by the Company.

(c) There shall be no purchase of any Securities pursuant to Section 3.07 or 3.08 if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be) and is continuing an Event of Default (other than a default that is cured by the payment of the Repurchase Price or Fundamental Change Repurchase Price, as the case may be, with respect to such Securities). The Paying Agent will promptly return to the

respective Holders thereof any Securities (x) with respect to which a Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default that is cured by the payment of the Repurchase Price or Fundamental Change Repurchase Price, as the case may be, with respect to such Securities) in which case, upon such return, the Repurchase Notice or Fundamental Change Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 3.10. Deposit of Repurchase Price or Fundamental Change Repurchase Price. Prior to 10:00 a.m. (local time in the City of New York) on the Business Day immediately following the Repurchase Date or the Fundamental Change Repurchase Date, as the case may be, the Company shall deposit with the Trustee or with the Paying Agent (or, if the Company or a Subsidiary or an Affiliate of either of them is acting as the Paying Agent, shall segregate and hold in trust as provided in Section 2.04) an amount of cash in immediately available funds sufficient to pay the aggregate Repurchase Price or Fundamental Change Repurchase Price, as the case may be, of all the Securities or portions thereof which are to be purchased as of the Repurchase Date or Fundamental Change Repurchase Date, as the case may be.

Section 3.11. Securities Purchased in Part. Any Certificated Security which is to be purchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Security so surrendered which is not purchased.

Section 3.12. Covenant to Comply with Securities Laws upon Purchase of Securities. When complying with the provisions of Section 3.07 or 3.08 hereof the Company shall (i) comply with Rule 13e-4 and Rule 14e-1 (and any other tender offer rules or successor provisions) under the Exchange Act, (ii) file the Schedule TO (or any other required schedule or successor schedule, form or report) if required under the Exchange Act, and (iii) otherwise comply with all Federal and state securities laws so as to permit the rights and obligations under Sections 3.07 and 3.08 to be exercised in the time and in the manner specified in Sections 3.07 and 3.08.

Section 3.13. Repayment to the Company. The Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed as provided in Section 12 of the Securities, together with interest, if any, thereon (subject to the provisions of Section 7.01(f)), held by them for the payment of the Repurchase Price or Fundamental Change Repurchase Price, as the case may be; provided, however, that to the extent that the aggregate amount of cash deposited by the Company pursuant to Section 3.10 exceeds the aggregate Repurchase Price or Fundamental Change Repurchase Price, as the case may be, of the Securities or portions thereof which the Company is obligated to purchase as of the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, then, unless otherwise agreed in writing with the Company, promptly after the Business Day following the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, the Trustee shall return any such excess to the Company together with interest, if any, thereon (subject to the provisions of Section 7.01(f)).

Article 4 COVENANTS

Section 4.01. Payment of Securities. The Company shall promptly make all payments in respect of the Securities on the dates and in the manner provided in the Securities or pursuant to this Indenture. Any amounts of cash in immediately available funds or shares of Common Stock to be given to the Trustee or Paying Agent, shall be deposited with the Trustee or Paying Agent by 10:00 a.m., New York City time, by the Company. The principal amount of, and Interest and Liquidated Damages, if any, on the Securities, and the Redemption Price, Repurchase Price and the Fundamental Change Repurchase Price shall be considered paid on the applicable date due if on such date (or, in the case of a Repurchase Price or a Fundamental Change Repurchase Price, on the Business Day immediately following the applicable Repurchase Date or Fundamental Change Repurchase Date, as the case may be) the Trustee or the Paying Agent holds, in accordance with this Indenture, cash or securities, if permitted hereunder, sufficient to pay all such amounts then due.

Section 4.02. SEC and Other Reports. The Company shall file with the Trustee, within 15 days after it files such annual and quarterly reports, information, documents and other reports with the SEC, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act; provided that any such reports, information or documents filed with the SEC pursuant to its Electronic Data and Gathering Analysis and Retrieval System shall be deemed filed with the Trustee. The Company shall comply with the other provisions of TIA Section 314(a). Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely conclusively on Officers' Certificates).

Section 4.03. Compliance Certificate. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending December 31, 2004) an Officers' Certificate, stating whether or not to the knowledge of the signers thereof, the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

Section 4.04. Further Instruments and Acts. The Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

Section 4.05. Maintenance of Office or Agency. The Company will maintain in the Borough of Manhattan, the City of New York, an office or agency of the Trustee, Registrar, Paying Agent and Conversion Agent where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer, exchange, purchase, redemption or conversion and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The office of The Bank of New York Trust Company, N.A. located at 10161 Centurion Parkway, Jacksonville, FL 32256, Attention: Corporate Trust Administration, shall initially be such office or agency for all of the aforesaid purposes. The Company shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such office or agency (other than a change in the location of the office of the Trustee). If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 12.02.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York, for such purposes.

Section 4.06. Delivery of Certain Information. At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of a Holder or any beneficial owner of Securities or holder or beneficial owner of shares of Common Stock issued upon conversion thereof, the Company will promptly furnish or cause to be furnished Rule 144A Information (as defined below) to such Holder or any beneficial owner of Securities or holder or beneficial owner of shares of Common Stock, or to a prospective purchaser of any such security designated by any such holder, as the case may be, to the extent required to permit compliance by such Holder or holder with Rule 144A under the Securities Act in connection with the resale of any such security. "Rule 144A Information" shall be such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act. Whether a person is a beneficial owner shall be determined by the Company to the Company's reasonable satisfaction.

Section 4.07. Liquidated Damages Notice. In the event that the Company is required to pay Liquidated Damages to holders of Securities pursuant to the Registration Rights Agreement, the Company will provide written notice ("Liquidated Damages Notice") to the Trustee of its obligation to pay Liquidated Damages prior to the Interest Record Date for the payment of Liquidated Damages, and the Liquidated Damages Notice shall set forth the amount of Liquidated Damages to be paid by the Company on such payment date. The Trustee shall not at any time be under any duty to any holder of Securities to determine the Liquidated Damages, or with respect to the nature, extent or calculation of the amount of Liquidated Damages when made, or with respect to the method employed in such calculation of the Liquidated Damages. Unless and until the Trustee shall receive at the Corporate Trust Office a Liquidated Damages Notice, the Trustee may assume without inquiry that no Liquidated Damages are owed.

Article 5 SUCCESSOR PERSON

Section 5.01. When Company May Merge or Transfer Assets. The Company shall not consolidate with or merge with or into any other Person or convey, transfer, sell, lease or otherwise dispose of all or substantially all of its properties and assets to any Person, unless:

(a) either (i) the Company shall be the continuing corporation or (ii) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person that acquires by conveyance, transfer, sale, lease or other disposition all or substantially all of the properties and assets of the Company (A) shall be organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and (B) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Securities and this Indenture;

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

(c) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, sale, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this Article 5 and that all conditions precedent herein provided for relating to such transaction have been satisfied.

The successor Person formed by such consolidation or into which the Company is merged or the successor Person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein; and thereafter, except in the case of a lease and obligations the Company may have under a supplemental indenture, the Company shall be discharged from all obligations and covenants under this Indenture and the Securities. Subject to Section 9.06, the Company, the Trustee and the successor Person shall enter into a supplemental indenture to evidence the succession and substitution of such successor Person and such discharge and release of the Company.

Article 6 DEFAULTS AND REMEDIES

Section 6.01. Events of Default.

So long as any Securities are outstanding, each of the following shall be an "Event of Default":

(a) following the exercise by the Holder of the right to convert a Security in accordance with Article 10 hereof, the Company (x) fails to deliver the cash, shares of Common Stock, or the required combination of cash and shares of Common Stock required to be delivered as part of the applicable Conversion Settlement Distribution on the applicable Conversion Settlement Date;

(b) the Company defaults in its obligation to repurchase any Security, or any portion thereof, or pay a Make-Whole Premium, if any is due, upon the exercise by the Holder of such Holder's right to require the Company to repurchase such Securities pursuant to and in accordance with Section 3.07 or 3.08 hereof;

(c) the Company defaults in its obligation to redeem any Security, or any portion thereof, called for redemption by the Company pursuant to and in accordance with Section 3.01 hereof;

(d) the Company fails to provide notice to Holders of a Fundamental Change when due;

(e) the Company defaults in the payment of the principal amount of any Security when the same becomes due and payable at its Stated Maturity;

(f) the Company defaults in the payment of any Interest or Liquidated Damages, if any, when due and payable, and continuance of such default for a period of 30 days past the applicable due date;

(g) the Company fails to comply with any of the terms, agreements or covenants of the Company in the Securities or this Indenture (other than those referred to in clause (a) through clause (f) above) and such failure continues for 60 days after receipt by the Company of a Notice of Default;

(h) a failure to pay when due at maturity or a default, event of default or other similar condition or event (however described) that results in the acceleration of maturity of any indebtedness of the Company or any Designated Subsidiary in an aggregate amount of \$25 million or more, unless the acceleration is rescinded, stayed or annulled within 30 days after written notice of default is given to the Company by the Trustee or Holders of not less than 25% in aggregate principal amount of the Securities then outstanding;

(i) the entry by a court having jurisdiction in the premise of (A) a decree or order for relief in respect of the Company, any Designated Subsidiary or any group of two or more Subsidiaries that, taken as a whole, would constitute a Designated Subsidiary of an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company, any Designated Subsidiary or any group of two or more Subsidiaries that, taken as a whole, would constitute a Designated Subsidiary, a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, any Designated Subsidiary or any group of two or more Subsidiaries that, taken as a whole, would constitute a Designated Subsidiary, under any applicable law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order described in clause (A) or (B) above unstayed and in effect for a period of 90 consecutive days; and

(j) the commencement by the Company, any Designated Subsidiary or any group of two or more Subsidiaries that, taken as a whole, would constitute a Designated Subsidiary of a voluntary case or proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company or any Designated Subsidiary to the entry of a decree or order for relief in respect of the Company, any Designated Subsidiary or any group of two or more Subsidiaries that, taken as a whole, would constitute a Designated Subsidiary in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company, any Designated Subsidiary or any group of two or more Subsidiaries that, taken as a whole, would constitute a Designated Subsidiary of a petition or answer or consent seeking reorganization or relief under any applicable law, or the consent by the Company to the filing of such petition or to the appointment of or the taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or the making by the Company, any Designated Subsidiary or any group of two or more Subsidiaries that, taken as a whole, would constitute a Designated Subsidiary of an assignment for the benefit of creditors, or the admission by the Company, any Designated Subsidiary or any group of two or more Subsidiaries that, taken as a whole, would constitute a Designated Subsidiary in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company, any Designated Subsidiary or any group of two or more Subsidiaries that, taken as a whole, would constitute a Designated Subsidiary expressly in furtherance of any such action.

For the avoidance of doubt, clause (g) above shall not constitute an Event of Default until the Trustee notifies the Company, or the Holders of at least 25% in aggregate principal amount of the Securities at the time outstanding notify the Company and the Trustee, of such default and the Company does not cure such default (and such default is not waived) within the time specified in clause (g) above after actual receipt of such notice. Any such notice must specify the default, demand that it be remedied and state that such notice is a "Notice of Default."

For the avoidance of doubt, a reorganization or dissolution of Ocwen Federal Bank FSB in connection with its voluntary termination of its status as a federal savings bank under the supervision of the Office of Thrift Supervision and the Federal Deposit Insurance Corporation will not constitute an Event of Default pursuant to clauses (i) and (j) above.

The Trustee shall, within 90 days of the occurrence of an Event of Default known to it, give to the Holders of the Securities notice of all uncured Events of Defaults known to it and written notice of any event which, with the giving of notice or the lapse of time, or both, would become an Event of Default, its status and what action the Company is taking or proposes to take with respect thereto; provided, however, that the Trustee shall be protected in withholding such notice if it, in good faith, determines that the withholding of such notice is in the best interest of such Holders, except in the case of an Event of Default specified in clauses (a) through (e) of this Section 6.01.

Section 6.02. Acceleration. If an Event of Default (other than an Event of Default specified in Section 6.01(i) or 6.01(j) with respect to the Company) occurs and is continuing (the default not having been cured or waived), the Trustee by notice to the Company, or the Holders of at least 25% in aggregate principal amount of the Securities at the time outstanding by notice to the Company and the Trustee, may declare the principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, on all the Securities to be immediately due and payable. Upon such a declaration, such accelerated amount shall be due and payable immediately. If an Event of Default specified in Section 6.01(i) or 6.01(j) with respect to the Company occurs and is continuing, the principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, on all the Securities shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Securityholders. The Holders of a majority in aggregate principal amount of the Securities at the time outstanding, by notice to the Trustee (and without notice to any other Securityholder) may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of the principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, that have become due solely as a result of acceleration. No such rescission shall affect any subsequent Event of Default or impair any right consequent thereto.

Section 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of the principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if the Trustee does not possess any of the Securities or does not produce any of the Securities in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of, or acquiescence in, the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 6.04. Waiver of Past Defaults. The Holders of a majority in aggregate principal amount of the Securities at the time outstanding, by notice to the Trustee (and without notice to any other Securityholder), may waive an existing or past Event of Default and its consequences except (a) an Event of

Default described in Section 6.01 clauses (a) through (f) or (b) an Event of Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Securityholder affected. When an Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Event of Default or impair any consequent right. This Section 6.04 shall be in lieu of Section 316(a)1(B) of the TIA and such Section 316(a)1(B) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 6.05. Control by Majority. The Holders of a majority in aggregate principal amount of the Securities at the time outstanding may direct, through the written consent of such Holders, the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines in good faith is unduly prejudicial to the rights of other Securityholders or would involve the Trustee in personal liability unless the Trustee is offered indemnity satisfactory to it. This Section 6.05 shall be in lieu of Section 316(a)1(A) of the TIA and such Section 316(a)1(A) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 6.06. Limitation on Suits. A Securityholder may not pursue any remedy with respect to this Indenture or the Securities, except in the case of an Event of Default specified in Section 6.01(e) and Section 6.01(f), unless:

(a) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

(b) the Holders of at least 25% in aggregate principal amount of the Securities at the time outstanding make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of such notice, request and offer of security or indemnity; and

(e) the Holders of a majority in aggregate principal amount of the Securities at the time outstanding do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Securityholder may not use this Indenture to prejudice the rights of any other Securityholder or to obtain a preference or priority over any other Securityholder.

Section 6.07. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of the principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, in respect of the Securities held by such Holder, on or after the respective due dates expressed in the Securities or any Redemption Date, Repurchase Date or Fundamental Change Repurchase Date, and to convert the Securities in accordance with Article 10, or to bring suit for the enforcement of any such payment on or after such respective dates or the right to convert, shall not be impaired or affected adversely without the consent of such Holder.

Section 6.08. Collection Suit by Trustee. If an Event of Default described in Section 6.01 clauses (a) through (f) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount owing with respect to the Securities and the amounts provided for in Section 7.07.

Section 6.09. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, in respect of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any such amount) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel or any other amounts due the Trustee under Section 7.07) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the

making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. Priorities. If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to Securityholders for amounts due and unpaid on the Securities for the principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, as the case may be, ratably, without preference or priority of any kind, according to such amounts due and payable on the Securities; and

THIRD: the balance, if any, to the Company.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section 6.10. At least 15 days before such record date, the Trustee shall mail to each Securityholder and the Company a notice that states the record date, the payment date and the amount to be paid.

Section 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant (other than the Trustee) in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee. This Section 6.11 shall be in lieu of Section 315(e) of the TIA and such Section 315(e) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 6.12. Waiver of Stay, Extension or Usury Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company from paying all or any portion of the principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, on Securities, as contemplated herein, or which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Article 7 TRUSTEE

Section 7.01. Duties of Trustee. The duties and responsibilities of the Trustee shall be as provided by the TIA and as set forth herein.

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

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

(i) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied duties shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture, but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein. This Section 7.01(b) shall be in lieu of Section 315(a) of the TIA and such Section 315(a) is hereby expressly excluded from this Indenture, as permitted by the TIA.

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

(i) this Section (c) does not limit the effect of Section 7.01(b);

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

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

Subparagraphs (c)(i), (ii) and (iii) shall be in lieu of Sections 315(d)(1), 315(d)(2) and 315(d)(3) of the TIA and such Sections 315(d)(1), 315(d)(2) and 315(d)(3) are hereby expressly excluded from this Indenture, as permitted by the TIA.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to this Section 7.01.

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

(f) Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee (acting in any capacity hereunder) shall be under no liability for interest on any money received by it hereunder unless otherwise agreed in writing with the Company.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 7.02. Rights of Trustee. Subject to its duties and responsibilities under the TIA:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officers' Certificate;

(c) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(d) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith which it believes to be authorized or within its rights or powers conferred under this Indenture;

(e) the Trustee may consult with counsel selected by it and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(f) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders, pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby;

(g) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(h) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(i) the Trustee shall not be deemed to have notice of any default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture;

(j) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other person employed to act hereunder;

(k) the Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded; and

(l) in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 7.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, Conversion Agent or co-registrar may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

Section 7.04. Trustee's Disclaimer. The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use or application of the proceeds from the Securities, it shall not be responsible for any statement in the registration statement for the Securities under the Securities Act or in any offering document for the Securities, the Indenture or the Securities (other than its certificate of authentication), or the determination as to which beneficial owners are entitled to receive any notices hereunder.

Section 7.05. Notice of Defaults. If a default or Event of Default occurs and if it is known to the Trustee, the Trustee shall give to each Securityholder notice of the default or Event of Default within 90 days after it occurs or, if later, within 10 days after it is known to the Trustee, unless such default or Event of Default shall have been cured or waived before the giving of such notice. Notwithstanding the preceding sentence, except in the case of a default or Event of Default described in Section 6.01 clauses (a) through (f), the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interest of the Securityholders. The preceding sentence shall be in lieu of the proviso to Section 315(b) of the TIA and such proviso is hereby expressly excluded from this Indenture, as permitted by the TIA. The Trustee shall not be deemed to have knowledge of a default or Event of Default unless a Responsible Officer of the Trustee has received written notice of such default or Event of Default, which notice specifically references this Indenture and the Securities.

Section 7.06. Reports by Trustee to Holders. Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, the Trustee shall mail to each Securityholder a brief report dated as of such May 15 that complies with TIA Section 313(a), if required by such Section 313(a). The Trustee also shall comply with TIA Section 313(b).

A copy of each report at the time of its mailing to Securityholders shall be filed with the SEC and each securities exchange, if any, on which the Securities are listed. The Company agrees to notify the Trustee promptly whenever the Securities become listed on any securities exchange and of any delisting thereof.

Section 7.07. Compensation and Indemnity. The Company agrees:

(a) to pay to the Trustee from time to time such compensation as the Company and the Trustee shall from time to time agree in writing for all services rendered by it hereunder (which compensation shall not be limited (to the extent permitted by law) by any provision of law in regard to the compensation of a trustee of an express trust);

(b) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses, advances and disbursements of its agents and counsel), except any such expense, disbursement or advance as shall be determined to have been caused by its own negligence or willful misconduct; and

(c) to indemnify the Trustee or any predecessor Trustee and their agents for, and to hold them harmless against, any loss, damage, claim, liability, cost or expense (including reasonable attorney's fees and expenses, and taxes (other than taxes based upon, measured by or determined by the income of the Trustee)) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim

(whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay the principal amount of, or the Redemption Price, Repurchase Price, Fundamental Change Repurchase Price, Interest or Liquidated Damages, if any, as the case may be, on particular Securities.

The Company's payment obligations pursuant to this Section 7.07 shall survive the discharge of this Indenture and the resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of an Event of Default specified in Section 6.01(i) or 6.01(j), the expenses, including the reasonable charges and expenses of its counsel, are intended to constitute expenses of administration under any bankruptcy law.

Section 7.08. Replacement of Trustee. The Trustee may resign by so notifying the Company; provided, however, no such resignation shall be effective until a successor Trustee has accepted its appointment pursuant to this Section 7.08. The Holders of a majority in aggregate principal amount of the Securities at the time outstanding may remove the Trustee by so notifying the Trustee and the Company. The Company shall remove the Trustee if:

- (a) the Trustee fails to comply with Section 7.10;
- (b) the Trustee is adjudged bankrupt or insolvent;
- (c) a receiver or public officer takes charge of the Trustee or its property; or
- (d) the Trustee otherwise becomes incapable of acting.

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

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company satisfactory in form and substance to the retiring Trustee and the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Securityholders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of a majority in aggregate principal amount of the Securities at the time outstanding may petition any court of competent jurisdiction at the expense of the Company for the appointment of a successor Trustee.

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

So long as no event which is, or after notice or lapse of time, or both, would become, an Event of Default shall have occurred and be continuing, if the Company shall have delivered to the Trustee (i) a Board Resolution appointing a successor Trustee, effective as of a date specified therein, and (ii) an instrument of acceptance of such appointment, effective as of such date, by such successor Trustee in accordance with this Indenture, the Trustee shall be deemed to have resigned as contemplated in this Section 7.08, the successor Trustee shall be deemed to have been accepted as contemplated in this Indenture, all of such date, and all other provisions of this Indenture shall be applicable to such resignation, appointment and acceptance.

Section 7.09. Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

Section 7.10. Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of TIA Sections 310(a)(1) and 310(b). The Trustee (or its parent holding company) shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition. Nothing herein contained shall prevent the Trustee from filing with the SEC the application referred to in the penultimate paragraph of TIA Section 310(b).

Section 7.11. Preferential Collection of Claims Against Company. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

Article 8
DISCHARGE OF INDENTURE

Section 8.01. Discharge of Liability on Securities. When (i) the Company delivers to the Trustee all outstanding Securities (other than Securities replaced or repaid pursuant to Section 2.07) for cancellation or (ii) all outstanding Securities have become due and payable and the Company deposits with the Trustee cash sufficient to pay all amounts due and owing on all outstanding Securities (other than Securities replaced pursuant to Section 2.07), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 7.07, cease to be of further effect. The Trustee shall join in the execution of a document prepared by the Company acknowledging satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and Opinion of Counsel and at the cost and expense of the Company.

Section 8.02. Repayment to the Company. The Trustee and the Paying Agent shall return to the Company upon written request any money or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years, subject to applicable unclaimed property law. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person and the Trustee and the Paying Agent shall have no further liability to the Securityholders with respect to such money or securities for that period commencing after the return thereof.

Article 9
AMENDMENTS

Section 9.01. Without Consent of Holders. The Company and the Trustee may amend this Indenture (including the terms and conditions of the Securities) or the Securities without the consent of any Securityholder to:

- (a) add guarantees with respect to the Securities or securing the Securities;
- (b) add to the covenants of the Company or the Events of Default for the benefit of the Holders of Securities;
- (c) surrender any right or power herein conferred upon the Company;
- (d) provide for conversion rights of Holders of Securities if any reclassification or change of the Common Stock or any consolidation, merger or sale of all or substantially all of the Company's assets occurs;
- (e) provide for the assumption of the Company's obligations to the Holders of Securities in the case of a merger, consolidation, conveyance, transfer or lease pursuant to Article 5 hereof;
- (f) increase the Conversion Rate; provided, however, that such increase in the Conversion Rate shall not adversely affect the interests of the Holders of Securities;
- (g) comply with the requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;
- (h) make any changes or modifications necessary in connection with the registration of the Securities under the Securities Act as contemplated in the Registration Rights Agreement; provided, however, that such change or modification does not, in the good faith opinion of the Board of Directors of the Company (as evidenced by a Board Resolution) and the Trustee, adversely affect the interests of the Holders of Securities in any material respect;
- (i) make any changes necessary to cure any ambiguity or to correct any inconsistency or supplement any provision herein which may be inconsistent with any other provision herein or which is otherwise defective; provided, however, that any such cure, correction or supplement shall not adversely affect the interests of the Holders of Securities in any material respect; provided further that any such cure, correction or supplement made solely to conform the provisions of this Indenture to the "Description of the Notes" contained in the Offering Memorandum will not be deemed to adversely affect the interests of the Holders of Securities;
- (j) establish the form of Securities if issued in definitive form (substantially in the form of Exhibit B);
- (k) evidence and provide for the acceptance of the appointment under this Indenture of a successor Trustee in accordance with the terms of this Indenture;
- (l) add or modify any other provisions herein with respect to matters or questions arising hereunder that the Company and the Trustee may deem necessary or desirable and that will not materially adversely affect the interests of the Holders of Securities; provided that any addition or modification made solely to conform the provisions of this

Indenture to the "Description of the Notes" in the Offering Memorandum will not be deemed to adversely affect the interests of the Holders of the Securities.

Section 9.02. With Consent of Holders. Except as provided below in this Section 9.02, this Indenture (including the terms and conditions of the Securities) or the Securities may be amended, modified or supplemented, and noncompliance in any particular instance with any provision of this Indenture or the Securities may be waived, in each case with the written consent of the Holders of at least a majority of the principal amount of the Securities at the time outstanding.

Without the written consent or the affirmative vote of each Holder of Securities affected thereby, an amendment, supplement or waiver under this Section 9.02 may not:

- (a) change the maturity of any Security, or the payment date of any installment of Interest or Liquidated Damages payable on any Security;
- (b) reduce the principal amount of, or the Interest or Liquidated Damages payable on, or the Redemption Price, Repurchase Price or Fundamental Change Repurchase Price or Make-Whole Premium on, any Security;
- (c) impair the conversion rights of any Holder of Securities or reduce the number of shares of Common Stock of the Company or any other property receivable upon conversion;
- (d) change the currency of payment of such Securities or Interest or Liquidated Damages thereon;
- (e) alter the manner of calculation or rate of accrual of Interest, Liquidated Damages or Make-Whole Premium on any Security, or extend the time for payment of any such amounts due and payable to the Holders of the Securities;
- (f) impair the right of any Holder to institute suit for the enforcement of any payment on or with respect to, or conversion of, any Security;
- (g) adversely affect the repurchase right of the Holders of the Securities as provided in Section 3.07 (including after a Change of Control), except as otherwise permitted pursuant to Article 5 or Section 10.05 hereof;
- (h) modify the provisions of Section 3.01, 3.02, 3.03, 3.04, 3.05 or 3.06 in a manner adverse to the Holders of the Securities;
- (i) modify the obligation of the Company to maintain an office or agency in the places and for the purposes specified in this Indenture;
- (j) modify the aggregate principal amount of outstanding Securities required to amend, modify or supplement this Indenture or the Security or waive a prior Event of Default, except to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each outstanding Security affected thereby; or
- (k) reduce the percentage of the aggregate principal amount of the outstanding Securities the consent of whose Holders is required for any such supplemental indenture entered into in accordance with this Section 9.02 or the consent of whose Holders is required for any waiver provided for in this Indenture.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

After an amendment under this Section 9.02 becomes effective, the Company shall mail to each Holder a notice briefly describing the amendment. The failure to give such notice to each Holder, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.02.

Nothing in this Section 9.02 shall impair the ability of the Company and the Trustee to amend this Indenture or the Securities without the consent of any Securityholder to provide for the assumption of the Company's obligations to the Holders of Securities in the case of a merger, consolidation, conveyance, transfer or lease pursuant to Article 5 hereof.

Section 9.03. Compliance with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall comply with the TIA.

Section 9.04. Revocation and Effect of Consents; Waivers and Actions. Until an amendment, waiver or other action by Holders becomes effective, a consent thereto by a Holder of a Security hereunder is a continuing consent by the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same obligation as the consenting Holder's Security, even if notation of the consent, waiver or action is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent, waiver or action as to such Holder's Security or portion of the Security if the Trustee

receives the notice of revocation before the date the amendment, waiver or action becomes effective. After an amendment, waiver or action becomes effective, it shall bind every Securityholder.

Section 9.05. Notation on or Exchange of Securities. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article 9 may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for outstanding Securities.

Section 9.06. Trustee to Sign Supplemental Indentures. The Trustee shall sign any supplemental indenture authorized pursuant to this Article 9 if the amendment contained therein does not affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign such supplemental indenture. In signing such supplemental indenture the Trustee shall receive, and (subject to the provisions of Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such supplemental indenture is authorized or permitted by this Indenture.

Section 9.07. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Article 10 CONVERSIONS

Section 10.01. Conversion Privilege.

(a) Subject to and upon compliance with the provisions of this Article 10 (including without limitation the Company's right, in its sole and absolute discretion, to satisfy its Conversion Obligation in any manner permitted pursuant to Section 10.03), a Holder of a Security shall have the right, at such Holder's option, to convert all or any portion (if the portion to be converted is \$1,000 principal amount or an integral multiple thereof) of such Security at any time prior to the close of business on the Stated Maturity at the Conversion Rate (the "Conversion Obligation") in effect on the date of conversion:

(i) during any fiscal quarter of the Company (a "Fiscal Quarter") (and only during such Fiscal Quarter) commencing after September 30, 2004, if the Last Reported Sale Price of the Common Stock for at least 20 consecutive Trading Days in the 30 consecutive Trading Day period ending on the last Trading Day of the immediately preceding Fiscal Quarter was more than 125% of the Conversion Price in effect on that 30th Trading Day;

(ii) during the five consecutive Business Day period immediately after any five consecutive Trading Day period (the "Measurement Period") in which the Trading Price per \$1,000 principal amount of the Securities for each day of such Measurement Period was less than 98% of the product of the Last Reported Sale Price of the Common Stock on such date and the Conversion Rate on such date; provided, however, that Securities may not be converted in reliance on this subsection after August 1, 2019 if on any Trading Day during the Measurement Period the Last Reported Sale Price of the Common Stock was between 100% and 125% of the Conversion Price on such Trading Day.

(iii) at any time prior to the close of business on the Business Day prior to the Redemption Date, if such Security has been called for redemption pursuant to Article 3 hereof, even if the Securities are not otherwise convertible at that time;

(iv) as provided in clause (b) of this Section 10.01; or

(v) from and after the date of the occurrence of an Accounting Event following the date of the Offering Memorandum, if the Company, at its option in its sole discretion, elects, by providing notice to the Trustee and the Holders, to permit conversion without regard to the fulfillment of the contingencies set forth in clauses 10.01(a)(i), (ii), (iii) and (iv).

The Company or a designated agent shall determine on a daily basis whether the Securities shall be convertible as a result of the occurrence of an event specified in clause (a) above and, if the Securities shall be so convertible, the Company shall promptly deliver to the Trustee and the Conversion Agent written notice thereof. Whenever the Securities shall become convertible pursuant to this Section 10.01, the Company or, at the Company's request, the Trustee in the name and at the expense of the Company, shall promptly notify the Holders of the event triggering such convertibility in the manner provided in Section 12.02, and the Company shall also promptly publicly announce such information. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.

(b) In the event that:

(i) (x) the Company distributes to all holders of Common Stock rights entitling them to purchase, for a period expiring within sixty (60) days after the date of such distribution, Common Stock at a price per share less than the Last Reported Sale Price of the Common Stock on the Business Day immediately preceding the announcement of such distribution; or (y) the Company elects to distribute to all holders of Common Stock, cash or other assets, debt securities or certain rights to purchase the Company's securities, which distribution has a per share value as determined by the Board of Directors (which determination shall be conclusive) exceeding 10% of the Last Reported Sale Price of the Common Stock on the Business Day immediately preceding the announcement date of such distribution, then, in each case, the Securities may be surrendered for conversion at any time on and after the date that the Company gives notice to the Holders of such right, which shall be not less than 20 days prior to the Ex-Dividend Date for such distribution, until the earlier of the close of business on the Business Day immediately preceding the Ex-Dividend Date or the date the Company announces that such distribution will not take place.

(ii) A Change of Control occurs and such Change of Control constitutes a Fundamental Change, then the Securities may be surrendered for conversion at any time from and after the date that is 15 days prior to the anticipated effective date of such transaction until 15 days after the effective date of the transaction.

Notwithstanding the foregoing, the Securities will not be convertible pursuant to clause (i) above and no adjustment to the Conversion Rate will be made if the Company provides that Holders of Securities will participate in such distribution without conversion.

(c) In addition, if the transaction described in Section 10.02(b)(ii) occurs before August 1, 2009, the Company will pay the Make-Whole Premium in connection with the conversion of the Securities pursuant to Section 11.01.

Section 10.02. Conversion Procedure; Conversion Rate; Fractional Shares.

(a) Subject to Section 10.01 and the Company's rights under Section 10.03, each Security shall be convertible at the office of the Conversion Agent into fully paid and nonassessable shares (calculated to the nearest 1/100th of a share) of Common Stock. The rate at which shares of Common Stock shall be delivered upon conversion (the "Conversion Rate") shall be initially 82.1693 shares of Common Stock for each \$1,000 principal amount of Securities. The Conversion Rate shall be adjusted in certain instances as provided in Section 10.04 hereof, but shall not be adjusted for any accrued and unpaid Interest or Liquidated Damages, if any. Upon conversion, no payment shall be made by the Company with respect to any accrued and unpaid Interest, if any. Instead, such amount shall be deemed paid by the applicable Conversion Settlement Distribution delivered upon conversion of any Security. In addition, no payment or adjustment shall be made in respect of dividends on the Common Stock with a record date prior to the Conversion Date. Notwithstanding the foregoing, upon conversion a Holder shall receive any accrued and unpaid Liquidated Damages to the Conversion Date. The Company shall not issue any fraction of a share of Common Stock in connection with any conversion of Securities, but instead shall, subject to Section 10.04 hereof, make a cash payment (calculated to the nearest cent) equal to such fraction multiplied by the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the Conversion Settlement Date.

(b) Before any Holder of a Security shall be entitled to convert the same into Common Stock, such Holder shall (1) in the case of Global Securities, comply with the procedures of the Depository in effect at that time and furnish appropriate endorsement and transfer documents, and (2) in the case of Certificated Securities, surrender such Securities, duly endorsed to the Company or in blank (and accompanied by appropriate endorsement and transfer documents), at the office of the Conversion Agent, and give written notice to the Company in the form on the reverse of such Certificated Security (or a facsimile thereof) (a "Notice of Conversion") at said office or place that such Holder elects to convert the same and shall state in writing therein the principal amount of Securities to be converted and the name or names (with addresses) in which such Holder wishes the certificate or certificates for Common Stock included in the Conversion Settlement Distribution, if any, to be registered.

Before any such conversion, a Holder also shall pay all taxes or duties, if any, as provided in Section 10.06 and any amount payable pursuant to Section 10.02(g).

If more than one Security shall be surrendered for conversion at one time by the same Holder, the number of full shares of Common Stock, if any, that shall be deliverable upon conversion as part of the Conversion Settlement Distribution shall be computed on the basis of the aggregate principal amount of the Securities (or specified portions thereof to the extent permitted thereby) so surrendered.

(c) A Security shall be deemed to have been converted immediately prior to the close of business on the date (the "Conversion Date") that is the latest of: (i) the date the Holder has complied with Section 10.02(b), (ii) the expiration of the Cash Settlement Notice Period or (iii) if the Company elects to pay cash in lieu of Common Stock pursuant to Section 10.03, the expiration of the Conversion Retraction Period.

(d) Subject to the next succeeding sentence, the Company will, on the Conversion Settlement Date, (i) pay the cash component (including cash in lieu of any fraction of a share to which such Holder would otherwise be entitled), if any, of the Conversion Settlement Distribution determined pursuant to Section 10.03 to the Holder of a Security surrendered for conversion, or such Holder's

nominee or nominees, and (ii) issue, or cause to be issued, and deliver to the Conversion Agent or to such Holder, or such Holder's nominee or nominees, certificates or a book-entry transfer through the Depository for the number of full shares of Common Stock, if any, to which such Holder shall be entitled as part of such Conversion Settlement Distribution.

(e) In case any Security shall be surrendered for partial conversion, the Company shall execute and the Trustee shall authenticate and deliver to or upon the written order of the Holder of the Security so surrendered, without charge to such Holder (subject to the provisions of Section 10.06 hereof), a new Security or Securities in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Securities.

(f) By delivering the applicable Conversion Settlement Distribution upon conversion of any Security to the Conversion Agent or to the Holder or such Holder's nominee or nominees, the Company will have satisfied in full its Conversion Obligation with respect to such Security (other than any Make-Whole Premium payable pursuant to Section 11.02), and upon such delivery accrued and unpaid Interest, if any, with respect to such Security will be deemed to be paid in full rather than canceled, extinguished or forfeited.

(g) If a Securityholder delivers a Notice of Conversion after the Interest Record Date for a payment of Interest but prior to the corresponding Interest Payment Date, such Securityholder must pay to the Company, at the time such Securityholder surrenders Securities for conversion, an amount equal to the Interest excluding, for the avoidance of doubt, Liquidated Damages, if any, that has accrued and will be paid on the related Interest Payment Date. This Section 10.02(g) shall not apply to a Securityholder that converts Securities after an Interest Record Date for a payment of Interest but on or prior to the corresponding Interest Payment Date if (1) the Company has specified a Redemption Date during such period, (2) the Company has specified a Fundamental Change Repurchase Date during such period or (3) to the extent of any overdue Interest if any overdue Interest exists at the time of conversion with respect to the Securities converted. Notwithstanding the foregoing, the Company shall refund any amount paid by a Securityholder pursuant to this Section 10.02(g) if the Cash Settlement Notice Period or, if the Company elects to pay cash in lieu of Common Stock pursuant to Section 10.03, the Cash Settlement Averaging Period, ends on or subsequent to the Interest Payment Date immediately following the date such Securityholder delivered a Notice of Conversion. Such refunded amount shall be paid at the time of delivery of the Conversion Settlement Distribution following conversion of any Securities.

Section 10.03. Payment upon Conversion. If a Holder elects to convert all or any portion of a Security into shares of Common Stock as set forth in Section 10.01 and the Company receives such Holder's Notice of Conversion on or prior to the day that is 20 calendar days prior to the Stated Maturity, or with respect to Securities called for redemption pursuant to Section 3.01, the applicable Redemption Date (the "Final Notice Date"), the Company may choose to satisfy all or any portion of its Conversion Obligation in cash. Upon such election, the Company will notify such Holder through the Trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the Conversion Obligation or as a fixed dollar amount) at any time on or before the date that is two Business Days following the Company's receipt of the Notice of Conversion as specified in Section 10.02 (such period, the "Cash Settlement Notice Period"). If the Company elects to pay cash for any portion of the Common Stock otherwise issuable to such Holder, the Conversion Notice may be retracted by the Holder at any time during the two Business Day period immediately following the Cash Settlement Notice Period (the "Conversion Retraction Period"); no such retraction can be made (and a Notice of Conversion shall be irrevocable) if the Company does not elect to deliver cash in lieu of shares of Common Stock (other than cash in lieu of fractional shares). With respect to any Notice of Conversion received by the Company prior to the Final Notice Date, the "Conversion Settlement Distribution" for any Security subject to such Notice of Conversion shall consist of cash, Common Stock or a combination thereof, as selected by the Company as set forth below:

(i) If the Company elects to satisfy the entire Conversion Obligation in shares of Common Stock, the Conversion Settlement Distribution shall be a number of shares of Common Stock, for each \$1,000 principal amount of Securities, equal to the then current Conversion Rate.

(ii) If the Company elects to satisfy the entire Conversion Obligation in cash, the Conversion Settlement Distribution shall be cash in an amount equal to the product of:

(A) the applicable Conversion Rate, and

(B) the average Last Reported Sale Price of the Common Stock for the 20 Trading Days in the Cash Settlement Averaging Period.

(iii) If the Company elects to satisfy a fixed portion (other than 100%) of the Conversion Obligation in cash, the Conversion Settlement Distribution shall consist of such cash amount ("Cash Amount") and a number of shares of Common Stock equal to the greater of (1) zero and (2) the excess, if any, of the number of shares of Common Stock calculated as set forth in clause (i) above over the number of shares equal to the sum, for each day of the Cash Settlement Averaging Period, of (x) 5% of the Cash Amount, divided by (y) the Last Reported Sale Price of the Common Stock on such day.

(b) At any time on or before any Final Notice Date, the Company will notify the Trustee if it intends to satisfy all or any portion of the Conversion Obligation with respect to conversions of Securities for which the Company receives a Notice of Conversion after such Final Notice Date in cash and the dollar amount to be satisfied in cash (which must be expressed either as 100% or as a fixed dollar amount). In such case, such Notice of Conversion will not be retractable and the applicable Conversion Settlement Distribution will be computed in the same manner as set forth in clause (a) above except that the Cash Settlement Averaging Period shall be the 10 Trading Days beginning on the first day following the Company's receipt of the Notice of Conversion.

(c) Notwithstanding anything to the contrary in this Indenture, at any time prior to Stated Maturity, the Company may irrevocably elect, in its sole discretion without the consent of the Holders, by notice to the Trustee and the Holders, to satisfy the Conversion Obligation in cash by paying 100% of the principal amount of the Securities converted after the date of such election. After making such election, the Company shall satisfy the remainder of the Conversion Obligation to the extent it exceeds the principal amount in Common Stock. Settlement amounts shall be computed and settlement dates shall be determined in the same manner as set forth above under clause (a); provided that (i) notice of the election to deliver cash for the principal amount will be deemed to have been provided on the last date of the Cash Settlement Notice Period and the Company will not be required to make any further election prior to the Final Notice Date (and will not deliver any further notice thereof following the Conversion Date); (ii) the Notice of Conversion will not be retractable; (iii) the Cash Settlement Averaging Period shall be the 20 Trading Days beginning on the first day following the Company's receipt of the Notice of Conversion; and (iv) the Cash Amount shall be the lesser of (A) (x) the number of shares of Common Stock, calculated as set forth above in clause (a)(i), multiplied by (y) the average Last Reported Sale Price of the Common Stock during the Cash Settlement Averaging Period and (B) 100% of the principal amount of a Security.

(d) If the Company elects to satisfy a fixed portion (other than 100%) of the Conversion Obligation in cash, the Cash Amount shall be allocated first to the satisfaction of any accrued and unpaid Interest, if any, on the Securities.

(e) In addition, if applicable pursuant to Article 11 hereof, the Company shall pay the Make-Whole Premium to Holders surrendering Securities for conversion. Payment of the Make-Whole Premium to Holders surrendering their Securities for conversion or repurchase will be made upon the later of: (i) the Fundamental Change Repurchase Date and (ii) the Conversion Settlement Date for the Securities. The Company will pay the Make-Whole Premium in the consideration, as applicable, into which its shares of Common Stock were converted, exchanged or acquired, except that the Company will pay cash in lieu of fractional interests in any security or other property delivered in connection with such transaction.

Section 10.04. Adjustment of Conversion Rate. The Conversion Rate shall be adjusted (without duplication) from time to time by the Company as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect at the opening of business on the date following the Record Date of such dividend or other distribution by a fraction,

(i) the numerator of which shall be the sum of (x) the number of shares of Common Stock outstanding on such Record Date fixed for the dividend or distribution plus (y) the total number of shares constituting the dividend or distribution, and

(ii) the denominator of which is the number of shares of Common Stock outstanding on the Record Date fixed for the dividend or distribution;

such increase to become effective immediately after the opening of business on the day following the Record Date. For the purpose of this paragraph (a), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company. If any dividend or distribution of the type described in this Section 10.04(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) In case the Company shall distribute rights or warrants (other than pursuant to any dividend reinvestment or share purchase plan) to all holders of its outstanding shares of Common Stock entitling them (for a period expiring within 60 days after the date of such issuance) to subscribe for or purchase shares of Common Stock at a price per share less than the Last Reported Sale Price of the Common Stock on the Record Date for such distribution, the Conversion Rate shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the date fixed for determination of stockholders entitled to receive such rights or warrants by a fraction,

(i) the numerator of which shall be the sum of (x) the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for the distribution plus (y) the total number of additional shares of Common Stock offered for purchase (or into which such convertible securities could be converted), and

(ii) the denominator of which shall be the sum of (x) the number of shares of Common Stock at the close of business on the Record Date fixed for the distribution plus (y) the total number of shares of Common Stock that the aggregate offering price of the total number of shares offered for subscription or purchase (or the aggregate conversion price of such convertible securities) would purchase at the Current Market Price of the Common Stock on such date.

Such adjustment shall be successively made whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the Record Date for the issuance of such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such Record Date had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Last Reported Sale Price of the Common Stock, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of Capital Stock of the Company, debt securities, assets or rights or warrants to purchase securities of the Company (excluding (x) any dividend or distribution paid exclusively in cash or (y) any dividend, distribution or issuance referred to in Section 10.04(a) or (b)) (any of the foregoing hereinafter in this Section 10.04(d) called the "Distributed Assets"), then, in each such case, the Conversion Rate shall be adjusted so that the same shall be equal to the rate determined by multiplying the Conversion Rate in effect on the Record Date with respect to such distribution by a fraction,

(i) the numerator of which shall be the Current Market Price per share of the Common Stock on such Record Date plus the Fair Market Value, as determined by the Board of Directors, of the portion of those assets, debt securities, shares of any class of Capital Stock of the Company or rights or warrants so distributed applicable to one share of the Common Stock; and

(ii) the denominator of which shall be the Current Market Price per share of the Common Stock on the Record Date,

such adjustment to become effective immediately prior to the opening of business on the day following such Record Date; provided, however, that in the event (1) the then Fair Market Value (as so determined) of the portion of the Distributed Assets so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price of the Common Stock on the Record Date or (2) the Current Market Price of the Common Stock on the Record Date exceeds the then Fair Market Value (as so determined) of the portion of the Distributed Assets so distributed applicable to one share of Common Stock by less than \$1.00, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion the amount of Distributed Assets such holder would have received had such holder converted each Security on the Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

Rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's Capital Stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Trigger Event"): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 10.04 (and no adjustment to the Conversion Rate under this Section 10.04 will be required) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 10.04(d). If any such right or warrant, including any such existing rights or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and record date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the

type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 10.04 was made, (1) in the case of any such rights or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights and warrants had not been issued.

No adjustment of the Conversion Rate shall be made pursuant to this Section 10.04(d) in respect of rights or warrants distributed or deemed distributed on any Trigger Event to the extent that such rights or warrants are actually distributed, or reserved by the Company for distribution to holders of Securities upon conversion by such holders of Securities to Common Stock.

For purposes of this Section 10.04(d) and Sections 10.04(a) and (b), any dividend or distribution to which this Section 10.04(d) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock (or both), shall be deemed instead to be (1) a dividend or distribution of debt securities, assets or shares of capital stock other than such shares of Common Stock or rights or warrants (and any Conversion Rate adjustment required by this Section 10.04(d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Conversion Rate adjustment required by Sections 10.04(a) and (b) with respect to such dividend or distribution shall then be made), except (A) the Record Date of such dividend or distribution shall be substituted as "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "the date fixed for the determination of stockholders entitled to receive such rights or warrants" and "the date fixed for such determination" within the meaning of Sections 10.04(a) and (b), and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of Section 10.04(a).

If any Distributed Assets requiring any adjustment pursuant to this Section 10.04(d) consists of the Capital Stock, or similar equity interests in, a Subsidiary or other business unit of the Company, the Conversion Rate in effect immediately before the close of business on the Record Date fixed for determination of shareholders entitled to receive the distribution shall instead be increased by multiplying the Conversion Rate then in effect by a fraction, (A) the numerator of which is the sum of (1) the average of the Last Reported Sale Prices of such distributed security for the 20 Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date on the New York Stock Exchange, the Nasdaq National Market or such other national or regional exchange or market on which the securities are then listed or quoted, plus (2) the average of the Last Reported Sale Prices of the Common Stock over the same Trading Day period and (B) the denominator of which is such average of the Last Reported Sale Prices of the Common Stock.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash (an "Extraordinary Cash Dividend") (excluding any dividend or distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary), then, in such case, the Conversion Rate shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date for such Extraordinary Cash Dividend by a fraction,

(i) the numerator of which shall be the Current Market Price of the Common Stock on such Record Date, and

(ii) the denominator of which shall be such Current Market Price of the Common Stock minus the amount per share of such dividend or distribution,

such adjustment to be effective immediately prior to the opening of business on the day following such Record Date; provided, however, that in the event the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price of the Common Stock on such Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion the amount of cash such Holder would have received had such holder converted each Security on such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(f) In case a tender or exchange offer made by the Company or any Subsidiary for all or any portion of the Common Stock shall expire and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to stockholders of consideration per share of Common Stock having a Fair Market Value (as determined by the Board of Directors) that as of the last time (the "Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) exceeds the Last Reported Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, the Conversion Rate shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the Expiration Time by a fraction,

(i) the numerator of which shall be the sum of (x) the Fair Market Value (determined by the Board of Directors) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Last Reported Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(ii) the denominator of which shall be the product of the number of shares of Common Stock outstanding (including any Purchased Shares) at the Expiration Time and the Last Reported Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time,

such adjustment to become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(g) The Company, from time to time, may, to the extent permitted by applicable law and the listing requirements of the New York Stock Exchange and any other exchange on which shares of the Common Stock are then listed, make such increases in the Conversion Rate, in addition to those required by this Section 10.04 as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase shares of Common Stock resulting from any dividend or distribution of Capital Stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law and the listing requirements of the New York Stock Exchange and any other exchange on which shares of Common Stock are then listed, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least twenty (20) Business Days and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to holders of record of the Securities a notice of the increase at least fifteen (15) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(h) All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one-tenth thousandth of a share, as the case may be, with one half-cent and 0.00005 of a share, respectively, being rounded upward. No adjustment need be made for:

(i) the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Company and the investment of additional optional amounts in shares of Common Stock under any plan,

(ii) the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of its Subsidiaries,

(iii) the issuance of any shares of Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (ii) above and outstanding as of the date the Securities were first issued,

(iv) a change in the par value of the Common Stock,

(v) the issuance of any shares of Common Stock pursuant to conversion of the Securities, or

(vi) accrued and unpaid Interest or Liquidated Damages, if any.

To the extent the Securities become convertible into cash, assets, property or securities (other than Capital Stock of the Company), no adjustment need be made thereafter as to the cash, assets, property or such securities.

(i) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly file with the Trustee and any Conversion Agent other than the Trustee an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of the Trustee shall have received such Officers' Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Conversion Rate and may assume that the last Conversion Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to the holder of each Security at his

last address appearing on the Security register provided for in Section 2.03 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(j) In any case in which this Section 10.04 provides that an adjustment shall become effective immediately after (1) a record date or Record Date for an event, (2) the date fixed for the determination of stockholders entitled to receive a dividend or distribution pursuant to Section 10.04(a), (3) the date fixed for the determination of stockholders entitled to receive rights or warrants pursuant to Section 10.04(b), or (4) the Expiration Time for any tender or exchange offer pursuant to Section 10.04(f) (each a "Determination Date"), the Company may elect to defer until the occurrence of the relevant Adjustment Event (as hereinafter defined) (x) issuing to the holder of any Security converted after such Determination Date and before the occurrence of such Adjustment Event, the additional shares of Common Stock or other consideration issuable or deliverable upon such conversion by reason of the adjustment required by such Adjustment Event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (y) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 10.04(a). For purposes of this Section 10.04(j), the term "Adjustment Event" shall mean:

(i) in any case referred to in clause (1) hereof, the occurrence of such event,

(ii) in any case referred to in clause (2) hereof, the date any such dividend or distribution is paid or made,

(iii) in any case referred to in clause (3) hereof, the date of expiration of such rights or warrants, and

(iv) in any case referred to in clause (4) hereof, the date a sale or exchange of Common Stock pursuant to such tender or exchange offer is consummated and becomes irrevocable.

(k) For purposes of this Section 10.04, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) If rights or warrants for which an adjustment has been made pursuant to the provisions of this Section 10.04 expire unexercised, the Conversion Rate shall be readjusted as if such unexercised rights or warrants had not been issued.

(m) Notwithstanding the foregoing provisions of this Section 10.04, no adjustment shall be made thereunder, nor shall an adjustment be made to the ability of a Holder of a Security to convert, for any distribution described therein if the Holder will otherwise participate in the distribution without conversion of such Holder's Securities.

Section 10.05. Effect of Reclassification; Consolidation; Merger or Sale. If any of the following events occur, namely (a) any reclassification or change of the outstanding shares of Common Stock (other than a subdivision or combination to which Section 10.04(c) applies), (b) any consolidation, merger, statutory share exchange or combination of the Company with another Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (c) any sale or conveyance of all or substantially all the properties and assets of the Company to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the TIA as in force at the date of execution of such supplemental indenture) providing that each Security shall be convertible, subject to the provisions of Section 10.03, into the kind and amount of shares of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, statutory share exchange, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Securities (assuming, for such purposes, a sufficient number of authorized shares of Common Stock are available to convert all such Securities) immediately prior to such reclassification, change, consolidation, merger, statutory share exchange, combination, sale or conveyance assuming such holder of Common Stock did not exercise his rights of election, if any, as to the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, statutory share exchange, combination, sale or conveyance (provided that, if the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, statutory share exchange, combination, sale or conveyance is not the same for each share of Common Stock in respect of which such rights of election shall not have been exercised ("nonelecting share"), then for the purposes of this Section 10.05 the kind and amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, statutory share exchange, combination, sale or conveyance for each nonelecting share shall be deemed to be the kind and amount so receivable per share by a plurality of the nonelecting shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 10.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each Holder of Securities, at its address appearing on the Security register provided for in Section 2.03 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, statutory share exchanges, combinations, sales and conveyances.

If this Section 10.05 applies to any event or occurrence, Section 10.04 shall not apply.

Section 10.06. Taxes on Shares Issued. The issue of stock certificates on conversions of Securities shall be made without charge to the converting Holder for any tax in respect of the issue thereof. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of stock in any name other than that of the Holder of any Securities converted, and the Company shall not be required to issue or deliver any such stock certificate unless and until the Person or Persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 10.07. Reservation of Shares, Shares to be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock.

(a) The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares of Common Stock to provide for the conversion of the Securities from time to time as such Securities are presented for conversion.

(b) Before taking any action which would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Securities, the Company will take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue shares of such Common Stock at such adjusted Conversion Rate.

(c) (i) The Company covenants that all shares of Common Stock which may be issued upon conversion of Securities or in payment of the Repurchase Price or the Change of Control Repurchase Price will upon issue be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

(ii) The Company covenants that, if any shares of Common Stock to be provided for the purpose of conversion of Securities hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, the Company will in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the Securities and Exchange Commission (or any successor thereto), endeavor to secure such registration or approval, as the case may be.

(iii) The Company further covenants that, if at any time the Common Stock shall be listed on the NYSE or any other national securities exchange or automated quotation system, the Company will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Security; provided, however, that, if the rules of such exchange or automated quotation system permit the Company to defer the listing of such Common Stock until the first conversion of the Securities into Common Stock in Common Stock in accordance with the provisions of this Indenture, the Company covenants to list such Common Stock issuable upon conversion of the Securities in accordance with the requirements of such exchange or automated quotation system at such time.

Section 10.08. Responsibility of Trustee. The Trustee and any other conversion agent shall not at any time be under any duty or responsibility to any holder of Securities to determine the Conversion Rate or whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other conversion agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Security; and the Trustee and any other conversion agent make no representations with respect thereto. Neither the Trustee nor any conversion agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Security for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article 10. Without limiting the generality of the foregoing, neither the Trustee nor any conversion agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 10.05 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Holders upon the conversion of their Securities after any event referred to in such Section 10.05 or to any adjustment to be made with respect

thereto, but, subject to the provisions of Section 7.01, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

Section 10.09. Notice to Holders Prior to Certain Actions. In case:

(a) the Company shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 10.04; or

(b) the Company shall authorize the granting to the holders of all or substantially all of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants; or

(c) of any reclassification or reorganization of the Common Stock of the Company (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation, merger or statutory share exchange to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

the Company shall cause to be filed with the Trustee and to be mailed to each Holder of Securities at his address appearing on the register provided for in Section 2.03 of this Indenture, as promptly as possible but in any event at least ten (10) days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution of rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, or statutory share exchange, sale, transfer, dissolution, liquidation or winding up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, or statutory share exchange, sale, transfer, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, or statutory share exchange, sale, transfer, dissolution, liquidation or winding up.

Section 10.10. Rights Issued in Respect of Common Stock Issued upon Conversion. To the extent the Company has a rights plan that is in effect upon a Conversion Date, Holders of Securities shall receive, upon conversion of Securities, in addition to shares of Common Stock, cash, or combination of cash and shares of Common Stock, the rights under the applicable rights plan unless, prior to the Conversion Date, the rights have separated from the Common Stock, in which case the Conversion Rate in effect shall be adjusted at the time of separation as if the Company had distributed to all holders of Common Stock the assets, debt securities, shares of Capital Stock or rights or warrants to purchase securities of the Company as described in Section 10.04(d).

Section 10.11. Unconditional Rights of Holders to Convert. Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to convert its Security in accordance with this Article 10 and to bring an action for the enforcement of any such right to convert, and such rights shall not be impaired or affected without the consent of such Holder.

Article 11 MAKE-WHOLE PREMIUM

Section 11.01. Make-Whole Premium.

(a) If a Change of Control set forth in Section 3.08(a) occurs prior to August 1, 2009 and such transaction constitutes a Fundamental Change, the Company will pay the Make-Whole Premium to (i) Holders of Securities who convert their Securities pursuant to Section 10.01(b)(2), and (ii) Holders of Securities who elect to require the Company to repurchase their Securities upon such Fundamental Change pursuant to Section 3.08, in either case, in addition to the Conversion Price or the Fundamental Change Repurchase Price, as applicable.

(b) The Company will pay the Make-Whole Premium in the consideration into which the Common Stock was converted, exchanged or acquired in the transaction constituting the Fundamental Change (except that the Company will pay cash in lieu of fractional interests in any security or other property delivered in connection with such transaction). If holders of the Common Stock receive or have the right to receive more than one form of consideration in connection with such transaction, then for purposes of the foregoing, the forms of consideration in which the Make-Whole Premium will be paid will be in proportion to the relative values, determined as described in the next paragraph, of the different forms of consideration paid to holders of Common Stock in connection with such Fundamental Change.

The value of such consideration to be delivered in respect of the Make-Whole Premium will be calculated as follows:

(i) securities that are traded on a United States national securities exchange or approved for quotation on the Nasdaq National Market or any similar system of automated dissemination of quotations of securities prices will be valued based on 98% of the average closing price or last sale price, as applicable, on the ten trading days for such securities on the applicable exchange or quotation system prior to but excluding the Fundamental Change Repurchase Date;

(ii) other securities, assets or property (other than cash) will be valued based on 98% of the average of the fair market value of such securities, assets or property (other than cash) as determined by two independent nationally-recognized banks selected by the Trustee; and

(iii) 100% of any cash.

(c) The Company shall pay the Make-Whole Premium to the Holder who tendered Securities for conversion or repurchase (i) with respect to any Securities tendered for repurchase pursuant to Section 3.08, on the Fundamental Change Repurchase Date or (ii) with respect to Securities converted, on the later of (A) the Fundamental Change Repurchase Date or (B) the Conversion Settlement Date for such converted Securities.

(d) The Make-Whole Premium will be determined as follows:

(i) "Effective Date" means the date that the Fundamental Change becomes effective.

(ii) "Stock Price" means the price paid per share of Common Stock in the Fundamental Change, determined as follows:

(A) If holders of the Common Stock receive only cash in the Fundamental Change, the Stock Price shall be the cash amount paid per share of Common Stock; or

(B) Otherwise, the Stock Price shall be the average of the Closing Sale Price of the Common Stock on the 10 Trading Days up to but not including the Effective Date.

(iii) "Make-Whole Percentage" means the percentage set forth in the table below for the Stock Price and the Effective Date:

Stock Price															
Effective Date	\$9.02	\$9.92	\$10.82	\$11.73	\$12.63	\$13.53	\$14.43	\$15.33	\$16.24	\$17.14	\$18.04	\$22.55	\$27.06	\$31.57	\$36.08
August 1, 2004	--	8.64	13.97	19.52	20.07	19.05	18.17	17.39	16.73	16.13	15.62	13.86	12.90	12.35	11.99
August 1, 2005	--	8.11	13.14	18.43	18.76	17.56	16.52	15.62	14.84	14.16	13.57	11.59	10.56	10.00	9.66
August 1, 2006	--	7.30	11.95	16.92	16.99	15.58	14.36	13.32	12.44	11.66	11.01	8.89	7.87	7.36	7.09
August 1, 2007	--	5.98	10.11	14.66	14.41	12.74	11.34	10.17	9.21	8.37	7.69	5.66	4.79	4.48	4.30
August 1, 2008	--	3.53	6.84	10.76	10.06	8.14	6.58	5.39	4.51	3.72	3.17	1.89	1.51	1.45	1.42
August 1, 2009	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

If the applicable Stock Price is between two Stock Price amounts on the table above or the Effective Date is between two dates on the table above, the Make-Whole Percentage will be determined by straight-line interpolation between the amounts set forth for the higher and lower Stock Prices and the two Effective Dates, as applicable, based on a 365-day year.

(iv) "Make-Whole Premium" means the amount per \$1,000 principal amount of Securities equal to:

(A) If the Effective Date is on or after August 1, 2009, \$0;

(B) If the Stock Price is less than or equal to \$9.02 (subject to adjustment pursuant to Section 11.02) (the "Stock Price Floor"), \$0;

(C) If the Stock Price is greater than \$36.08 (subject to adjustment pursuant to Section 11.02) (the "Stock Price Cap"), \$0; or

(D) Otherwise, the dollar amount equal to the Make-Whole Percentage multiplied by \$1,000.

Section 11.02. Adjustments Relating To The Make-whole Premium. Whenever the Conversion Rate shall be adjusted from time to time by the Company pursuant to Section 10.04, the Stock Price Floor, the Stock Price Cap and each of the Stock Prices set forth in the table in Section 11.01(d)(iii) shall be adjusted by multiplying each such amount by a fraction, the numerator of which is the Conversion Rate in effect immediately prior to such adjustment and the denominator of which is the Conversion Rate as so adjusted.

Section 11.03. Calculation Of The Make-whole Premium.

(a) Promptly following the Effective Date of any Fundamental Change that, pursuant to Section 11.01, triggers the obligation to pay the Make-Whole Premium, the Company shall calculate the Stock Price and the Make-Whole Percentage and the Make-Whole Premium with respect to such Stock Price based on the applicable Effective Date. No less than five Business Days following the Effective Date, the Company shall notify the Trustee of the results of such calculations and notify the Holders of the Stock Price, the Make-Whole Premium per \$1,000 principal amount of Securities and the type of consideration in which the Make-Whole Premium will be paid.

(b) The Company shall also make the calculations required by Section 11.01(b). On the Fundamental Change Repurchase Date, the Company shall notify the Trustee and the Holders of the amount of each type of consideration in which the Make-Whole Premium will be paid.

(c) The Company shall issue a press release containing the information described in Section 11.01 (a) and (b) and publish such information on its website.

Article 12
MISCELLANEOUS

Section 12.01. Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

Section 12.02. Notices. Any request, demand, authorization, notice, waiver, consent or communication shall be in writing and delivered in person or mailed by first-class mail, postage prepaid, addressed as follows or transmitted by facsimile transmission (confirmed by guaranteed overnight courier) to the following facsimile numbers:

if to the Company:

Ocwen Financial Corporation
1675 Palm Beach Lakes Boulevard
West Palm Beach, FL 33401
Facsimile: (561) 471-4264
Attention: Legal Department

if to the Trustee:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Facsimile: (914) 645-1921
Attention: Corporate Trust Administration

The Company or the Trustee, by notice given to the other in the manner provided above, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication given to a Securityholder shall be delivered to the Securityholder, in accordance with the procedures of the Registrar or by first-class mail, postage prepaid, at the Securityholder's address as it appears on the registration books of the Registrar and shall be considered sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder, or any defect in it, shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not received by the addressee.

If the Company mails a notice or communication to the Securityholders, it shall mail a copy to the Trustee and each Registrar, Paying Agent, Conversion Agent and co-registrar.

Section 12.03. Communication by Holders with Other Holders. Securityholders may communicate pursuant to TIA Section 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar, the Paying Agent, the Conversion Agent and anyone else shall have the protection of TIA Section 312(c).

Section 12.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

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

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

Section 12.05. Statements Required in Certificate or Opinion. Each Officers' Certificate or Opinion of Counsel with respect to compliance with a covenant or condition provided for in this Indenture shall include:

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

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

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

(d) a statement that, in the opinion of such person, such covenant or condition has been complied with;

provided, however, that with respect to matters of fact an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials.

Section 12.06. Separability Clause. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.07. Rules by Trustee, Paying Agent, Conversion Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Securityholders. The Registrar, the Conversion Agent and the Paying Agent may make reasonable rules for their functions.

Section 12.08. Legal Holidays. A "Legal Holiday" is any day other than a Business Day. If any specified date (including a date for giving notice) is a Legal Holiday, the action shall be taken on the next succeeding day that is not a Legal Holiday, and, if the action to be taken on such date is a payment in respect of the Securities, no interest shall accrue with respect to such payment for the intervening period.

Section 12.09. GOVERNING LAW. THIS INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 12.10. No Recourse Against Others. A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

Section 12.11. Successors. All agreements of the Company in this Indenture and the Securities shall bind its successor. All agreements of the Trustee in this Indenture shall bind its successor.

Section 12.12. Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Indenture on behalf of the respective parties hereto as of the date first above written.

OCWEN FINANCIAL CORPORATION

By: /s/ M. ZEIDMAN

Name: Mark S. Zeidman
Title: Senior Vice President and Chief
Financial Officer

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
As Trustee

By: /s/ CRAIG A. KAYE

Name: Craig A. Kaye
Title: Assistant Treasurer

[FORM OF FACE OF GLOBAL SECURITY]

THIS NOTE AND THE COMMON SHARES ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE AND THE COMMON SHARES ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY, REQUIRED UNDER THE INDENTURE PURSUANT TO WHICH THIS NOTE IS ISSUED) AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(A) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, OR (C) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), AS LONG AS THE REGISTRAR RECEIVES A CERTIFICATION OF THE TRANSFEROR THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTION SET FORTH IN (A) ABOVE.

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

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS TO NOMINEES OF THE DEPOSITORY TRUST COMPANY, OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ARTICLE TWO OF THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS SECURITY ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE INDENTURE.

OCWEN FINANCIAL CORPORATION

3.25% Contingent Convertible Senior Unsecured Notes Due 2024

CUSIP: 675746AC5

ISSUE DATE: July 28, 2004

Principal Amount: \$175,000,000

No. [?]

OCWEN FINANCIAL CORPORATION, a Florida corporation, promises to pay to Cede & Co. or registered assigns, the principal amount of \$175,000,000 Million Dollars, on August 1, 2024.

Interest Rate: 3.25% per year.

Interest Payment Dates: August 1 and February 1 of each year, commencing February 1, 2005.

Interest Record Date: July 15 and January 15 of each year.

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

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: July 28, 2004

OCWEN FINANCIAL CORPORATION

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee, certifies that this is one
of the Securities referred to in the
within-mentioned Indenture.

By: _____
Authorized Signatory

Dated: July 28, 2004

3.25% Contingent Convertible Senior Unsecured Notes Due 2024

This Security is one of a duly authorized issue of 3.25% Contingent Convertible Senior Unsecured Notes Due 2024 (the "Securities") of Ocwen Financial Corporation, a Florida corporation (including any successor corporation under the Indenture hereinafter referred to, the "Company"), issued under an Indenture, dated as of July 28, 2004 (the "Indenture"), between the Company and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The terms of the Security include those stated in the Indenture, those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended ("TIA"), and those set forth in this Security. This Security is subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Security and the terms of the Indenture, the terms of the Indenture shall control. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest.

The Securities shall bear interest on the principal amount thereof at a rate of 3.25% per year. The Company shall pay Liquidated Damages as set forth in Section 4.07 of the Indenture and the Registration Rights Agreement.

Interest will be payable semi-annually on each Interest Payment Date to Holders at the close of business on the preceding Interest Record Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30 day months.

If any Interest Payment Date, Stated Maturity date, Redemption Date, Repurchase Date or Fundamental Change Repurchase Date of a Security falls on a day that is not a Business Day, the required payment of Interest, if any, and principal will be made on the next succeeding Business Day and no Interest on such payment will accrue for the period from and after the Interest Payment Date, the Stated Maturity date, Redemption Date, Repurchase Date or Fundamental Change Repurchase Date to such next succeeding Business Day.

If the principal amount of any Security, or any accrued and unpaid Interest or Liquidated Damages, if any, are not paid when due (whether upon acceleration pursuant to Section 6.02 of the Indenture, upon the date set for payment of the Redemption Price pursuant to Section 4 hereof, upon the date set for payment of the Repurchase Price or Fundamental Change Repurchase Price pursuant to Section 5 hereof, upon the Stated Maturity of the Securities, upon the Interest Payment Dates or upon the date of payment of Liquidated Damages pursuant to the Registration Rights Agreement), then in each such case the overdue amount shall, to the extent permitted by law, bear cash interest at the rate of 3.25% per annum, compounded semiannually, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable in cash on demand but if not so demanded shall be paid quarterly to the Holders on the last day of each quarter.

2. Method of Payment.

Except as provided below, the Company shall pay Interest on (i) Global Securities, to DTC in immediately available funds, (ii) any Certificated Security having an aggregate principal amount of \$5,000,000 or less, by check mailed to the Holder of such Security and (iii) any Certificated Security having an aggregate principal amount of more than \$5,000,000, by wire transfer in immediately available funds or by mail at the election of the Holder of any such Security.

Subject to the terms and conditions of the Indenture, the Company will make payments in cash in respect of Redemption Prices, Repurchase Prices, Fundamental Change Repurchase Prices and at Stated Maturity to Holders who surrender Securities to a Paying Agent to collect such payments in respect of the Securities. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check payable in such money.

3. Indenture.

The Securities are general unsecured obligations of the Company limited to \$175,000,000 aggregate principal amount. The Indenture does not limit other indebtedness of the Company, secured or unsecured.

4. Redemption at the Option of the Company.

No sinking fund is provided for the Securities. The Securities are redeemable for cash at the option of the Company, in whole or in part, at any time or from time to time on or after August 1, 2009 upon not less than 30 nor more than 60 days' notice in writing for a redemption price equal to the principal amount of those Securities plus accrued and unpaid Interest and Liquidated Damages, if any, on those Securities up to (but excluding) the Redemption Date (the "Redemption Price").

In no event will any Security be redeemable before August 1, 2009.

5. Repurchase By the Company at the Option of the Holder.

Subject to the terms and conditions of the Indenture, the Company shall become obligated to repurchase, at the option of the Holder, all or any portion of the Securities held by such Holder on August 1, 2009, August 1, 2014, August 1, 2019, in integral multiples of \$1,000 at a Repurchase Price equal to the principal amount of those Securities plus accrued and unpaid Interest and Liquidated Damages, if any, on those Securities up to (but excluding) the Repurchase Date. To exercise such right, a Holder shall deliver to the Paying Agent a Repurchase Notice containing the information set forth in the Indenture, at any time from the opening of business on the date that is 20 Business Days prior to such Repurchase Date until the close of business on such Repurchase Date, and shall deliver the Securities to the Paying Agent as set forth in the Indenture.

At the option of the Holder and subject to the terms and conditions of the Indenture, the Company shall become obligated to offer to repurchase the Securities held by such Holder after the occurrence of a Fundamental Change for a Fundamental Change Repurchase Price equal to the principal amount of those Securities plus accrued and unpaid Interest, the Make-Whole Premium, if any, and Liquidated Damages, if any, on those Securities up to (but excluding) the Fundamental Change Repurchase Date.

Holders have the right to withdraw any Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If cash sufficient to pay the Repurchase Price or Fundamental Change Repurchase Price (including any Make-Whole Premium), as the case may be, of all Securities or portions thereof to be purchased as of the Repurchase Date or the Fundamental Change Repurchase Date, as the case may be, is deposited with the Paying Agent, on the Business Day immediately following the Repurchase Date or the Fundamental Change Repurchase Date, Interest and Liquidated Damages, if any, will cease to accrue on such Securities (or portions thereof) on and following such Repurchase Date or Fundamental Change Repurchase Date, and the Holder thereof shall have no other rights as such other than the right to receive the Repurchase Price or Fundamental Change Repurchase Price upon surrender of such Security.

6. Make-Whole Premium.

Subject to and in compliance with the provisions of the Indenture, if certain Fundamental Changes occur prior to August 1, 2009, in certain circumstances the Company will pay a Make-Whole Premium on the Securities converted or tendered for repurchase upon a Fundamental Change. The Make-Whole Premium, if any, will be payable in the consideration into which the Common Stock was converted, exchanged or acquired in such Fundamental Change.

The Make-Whole Premium, if any, will be calculated and paid as described in Section 11.01 of the Indenture.

7. Notice of Redemption.

Notice of redemption pursuant to Section 4 of this Security will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Securities to be redeemed at the Holder's registered address. If money sufficient to pay the Redemption Price of all Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent prior to or on the Redemption Date, on and immediately after such Redemption Date Interest and Liquidated Damages, if any, will cease to accrue on such Securities or portions thereof. Securities in denominations larger than \$1,000 principal amount may be redeemed in part but only in integral multiples of \$1,000 of principal amount.

8. Conversion.

Subject to and in compliance with the provisions of the Indenture (including, without limitation, the conditions to conversion of this Security set forth in Section 10.01 thereof), a Holder is entitled, at such Holder's option, to convert the Holder's Security (or any portion of the principal amount thereof that is \$1,000 or an integral multiple \$1,000), into fully paid and nonassessable shares of Common Stock at the Conversion Rate in effect at the time of conversion provided, however, the Company may satisfy its obligation with respect to any demand for conversion by delivering Common Stock, cash or a combination of cash and Common Stock. If the Company elects to satisfy a fixed portion (other than 100%) of the Conversion Obligation in cash, the Cash Amount shall be allocated first to the satisfaction of any accrued and unpaid Interest, if any, on the Securities.

The Company will notify Holders of any event triggering the right to convert the Securities as specified above in accordance with the Indenture.

A Security in respect of which a Holder has delivered a Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, exercising the option of such Holder to require the Company to purchase such Security may be

converted only if such Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, is withdrawn in accordance with the terms of the Indenture.

The initial Conversion Rate is 82.1693 shares of Common Stock per \$1,000 principal amount, subject to adjustment in certain events described in the Indenture. The Conversion Rate shall not be adjusted for any accrued and unpaid Interest and accrued or Liquidated Damages. Upon conversion, no payment shall be made by the Company with respect to accrued and unpaid Interest, if any. Instead, such amount shall be deemed paid by the shares of Common Stock delivered upon conversion of any Security. A Holder shall receive, however, accrued and unpaid Liquidated Damages, if any. In addition, no payment or adjustment shall be made in respect of dividends on the Common Stock, except as set forth in the Indenture.

In certain circumstances as set forth in the Indenture, a Holder shall be entitled to receive a Make-Whole Premium as described in Section 11 of the Indenture.

To surrender a Security for conversion, a Holder must (1) complete and manually sign the Notice of Conversion attached hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Security to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents, (4) if required by Section 10.02(g) of the Indenture, pay Interest and (5) pay any transfer or similar tax, if required.

No fractional shares of Common Stock shall be issued upon conversion of any Security. Instead of any fractional share of Common Stock that would otherwise be issued upon conversion of such Security, the Company shall pay a cash adjustment as provided in the Indenture.

If the Company (i) is a party to a consolidation, merger, statutory share exchange or combination, (ii) reclassifies the Common Stock, or (iii) conveys, transfers or leases its properties and assets substantially as an entirety to any Person, the right to convert a Security into shares of Common Stock may be changed into a right to convert it into securities, cash or other assets of the Company or such other Person, in each case in accordance with the Indenture.

9. Conversion Arrangement on Call for Redemption.

Any Securities called for redemption, unless surrendered for conversion before the close of business on a Redemption Date, may be deemed to be purchased from the Holders of such Securities at an amount not less than the Redemption Price, by one or more investment bankers or other purchasers who may agree with the Company to purchase such Securities from the Holders, to convert them into shares of Common Stock and to make payment for such Securities to the Trustee in trust for such Holders.

10. Paying Agent, Conversion Agent and Registrar.

Initially, the Trustee will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent or Registrar without notice, other than notice to the Trustee; provided that the Company will maintain at least one Paying Agent in the State of New York, City of New York, Borough of Manhattan, which shall initially be an office or agency of the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent or Registrar.

11. Denominations; Transfer; Exchange.

The Securities are in fully registered form, without coupons, in denominations of \$1,000 of principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities in respect of which a Repurchase Notice or Fundamental Change Repurchase Notice has been given and not withdrawn (except, in the case of a Security to be purchased in part, the portion of the Security not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

12. Persons Deemed Owners.

The registered Holder of this Security may be treated as the owner of this Security for all purposes.

13. Unclaimed Money or Securities.

The Trustee and the Paying Agent shall return to the Company upon written request any money or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years, subject to applicable unclaimed property law. After return to the Company, Holders entitled

to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

14. Amendment; Waiver.

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Securities may be amended with the written consent of the Holders of at least a majority in aggregate principal amount of the outstanding Securities and (ii) certain Events of Defaults may be waived with the written consent of the Holders of a majority in aggregate principal amount of the outstanding Securities. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Company and the Trustee may amend the Indenture or the Securities (i) to add guarantees with respect to the Securities or securing the Securities, (ii) to add to the covenants of the Company or the Events of Default for the benefit of the Holders of Securities, (iii) to surrender any right or power conferred upon the Company in the Indenture, (iv) to provide for conversion rights of Holders of Securities if any reclassification or change of the Company's Common Stock or any consolidation, merger or sale of all or substantially all of the Company's assets occurs, (v) to provide for the assumption of the Company's obligations to Holders of Securities in the case of a merger, consolidation, conveyance, transfer or lease pursuant to Article 5 of the Indenture, (vi) to increase the Conversion Rate; provided, however, that such increase in the Conversion Rate shall not adversely affect the interests of the Holders of Securities, (vii) to establish the form of Securities if issued in definitive form, (viii) to evidence and provide for the acceptance of the appointment under the Indenture of a successor Trustee, (ix) to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA, (x) make any changes or modifications necessary in connection with the registration of the Securities under the Securities Act as contemplated in the Registration Rights Agreement; provided that such change or modification does not in the good faith opinion of the Board of Directors and the Trustee adversely affect the interests of the Holders of Securities in any material respect, (xi) to cure any ambiguity or to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture or which is otherwise defective, provided, however, that any such cure, correction or supplement shall not adversely affect the interests of the Holders of Securities, provided further that any such cure, correction or supplement made solely to conform the provisions of the Indenture to the "Description of the Notes" in the Offering Memorandum will not be deemed to adversely affect the interests of the Holders of Securities, or (xii) add or modify any other provisions of the Indenture with respect to matters or questions arising under the Indenture that the Company and the Trustee may deem necessary or desirable and that will not materially adversely affect the interests of the Holders of Securities; provided that any addition or modification made solely to conform the provisions of this Indenture to the "Description of Notes" in the Offering Memorandum will not be deemed to adversely affect the interests of the holders of the Securities.

15. Defaults and Remedies.

If any Event of Default with respect to Securities shall occur and be continuing, the principal amount of the Securities and any accrued and unpaid Interest and accrued and unpaid Liquidated Damages, if any, on all the Securities may be declared due and payable in the manner, on the terms and with the effect provided in the Indenture.

16. Trustee Dealings with the Company.

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

17. Calculations in Respect of Securities.

The Company or its agents will be responsible for making all calculations called for under the Securities including, but not limited to, determination of the market prices for the Securities and of the Common Stock and Liquidated Damages, if any, accrued on the Securities. Any calculations made in good faith and without manifest error will be final and binding on Holders of the Securities. The Company or its agents will be required to deliver to the Trustee a schedule of its calculations and the Trustee will be entitled to conclusively rely upon the accuracy of such calculations without independent verification.

18. [Reserved].

19. [Reserved].

20. No Recourse Against Others.

A director, officer, employee or shareholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

21. Authentication.

This Security shall not be valid until an authorized signatory of the Trustee manually signs the Trustee's Certificate of Authentication on the other side of this Security.

22. Abbreviations.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

23. GOVERNING LAW.

THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THIS SECURITY.

24. Copy of Indenture.

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture which has in it the text of this Security in larger type. Requests may be made to:

Ocwen Financial Corporation
1675 Palm Beach Lakes Boulevard
West Palm Beach, FL 33401
Attention: Legal Department
Facsimile: (561) 471-4264

25. Registration Rights.

The Holders of the Securities are entitled to the benefits of a Registration Rights Agreement, dated July 28, 2004, between the Company and Jefferies & Company, Inc., as the initial purchaser, including the receipt of Liquidated Damages upon an Event (as defined in such agreement). The Company shall make payments of Liquidated Damages on the dates of payment of Liquidated Damages (as set forth in the Registration Rights Agreement), but otherwise in accordance with the provisions set forth herein for the payment of Interest.

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Insert assignee's soc. sec. or tax ID no.)

(Print or type assignee's name, address and zip
code)

and irrevocably appoint

_____ agent to transfer this
Security on the books of the Company. The
agent may substitute another to act for him.

CONVERSION NOTICE

To convert this Security into Common Stock of
the Company, check the box []

To convert only part of this Security, state the
principal amount to be converted (which must
be \$1,000 or an integral multiple of \$1,000):

If you want the stock certificate made out in
another person's name fill in the form below:

(Insert the other person's soc. sec. tax ID no.)

(Print or type other person's name, address and
zip code)

Date: _____ Your Signature: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guaranteed

Participant in a Recognized Signature

Guarantee Medallion Program

By: _____
Authorized Signatory

SCHEDULE OF INCREASES AND DECREASES
OF GLOBAL SECURITY

Initial Principal Amount of Global Security: One Hundred Seventy-Five Million
dollars (\$175,000,000).

Date	Amount of Increase in Principal Amount of Global Security	Amount of Decrease in Principal Amount of Global Security	Principal Amount of Global Security After Increase or Decrease	Notation by Registrar or Security Custodian

[FORM OF FACE OF CERTIFICATED SECURITY]

THIS NOTE AND THE COMMON SHARES ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE AND THE COMMON SHARES ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY, REQUIRED UNDER THE INDENTURE PURSUANT TO WHICH THIS NOTE IS ISSUED) AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(A) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, OR (C) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), AS LONG AS THE REGISTRAR RECEIVES A CERTIFICATION OF THE TRANSFEROR THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTION SET FORTH IN (A) ABOVE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS SECURITY ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE INDENTURE.

OCWEN FINANCIAL CORPORATION

3.25% Contingent Convertible Senior Unsecured Notes Due 2024

REGISTERED

CUSIP: 675746AC5

ISSUE DATE: July 28, 2004

No.

Principal Amount: []

Ocwen Financial Corporation, a Florida corporation, promises to pay to _____ or registered assigns, the principal amount of _____, on August 1, 2024.

Interest Rate: 3.25% per year.

Interest Payment Dates: August 1 and February 1 of each year, commencing February 1, 2005.

Interest Record Date: August 1 and February 1 of each year.

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

B-2

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: July 28, 2004

OCWEN FINANCIAL CORPORATION

By: _____
Title: _____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

_____,
THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee, certifies that this is one
of the Securities referred to in the
within-mentioned Indenture.

By: _____
Authorized Signatory

Dated: July 28, 2004

OCWEN FINANCIAL CORPORATION

3.25% Contingent Convertible Senior Unsecured Notes Due 2024

Transfer Certificate

In connection with any transfer of any of the Securities within the period prior to the expiration of the holding period applicable to the sales thereof under Rule 144(k) under the Securities Act of 1933, as amended (the "Securities Act") (or any successor provision), the undersigned registered owner of this Security hereby certifies with respect to \$_____ principal amount of the above-captioned Securities presented or surrendered on the date hereof (the "Surrendered Securities") for registration of transfer, or for exchange or conversion where the securities issuable upon such exchange or conversion are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Securities for the reason checked below:

- ☐ A transfer of the Surrendered Securities is made to the Company or any of its subsidiaries; or
- ☐ The transfer of the Surrendered Securities is pursuant to an effective registration statement under the Securities Act; or
- ☐ The transfer of the Surrendered Securities complies with Rule 144A under the Securities Act; or
- ☐ The transfer of the Surrendered Securities is pursuant to Rule 144 under the Securities Act and each of the conditions set forth in such rule have been met;

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Securities are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

[] The transferee is an Affiliate of the Company.

DATE:

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the person signing on behalf of such registered owner must be stated.)

Signature Guaranteed

- -----

Participant in a Recognized Signature

B-6

CERTIFICATIONS

I, William C. Erbey, certify that:

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

Date: August 9, 2004

/s/ WILLIAM C. ERBEY

William C. Erbey
Chief Executive Officer

CERTIFICATIONS

I, Mark S. Zeidman, certify that:

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

Date: August 9, 2004

/s/ MARK S. ZEIDMAN

Mark S. Zeidman
Chief Financial Officer

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

I, William C. Erbey, state and attest that:

1. I am the Chief Executive Officer of Ocwen Financial Corporation (the "Registrant").
2. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that
 - . the Quarterly Report on Form 10-Q of the Registrant for the quarter ended June 30, 2004 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
 - . the information contained in the periodic report fairly represents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /s/ WILLIAM C. ERBEY

Title: Chief Executive Officer
Date: August 9, 2004

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

I, Mark S. Zeidman, state and attest that:

3. I am the Chief Financial Officer of Ocwen Financial Corporation (the "Registrant").
4. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that
- . the Quarterly Report on Form 10-Q of the Registrant for the quarter ended June 30, 2004 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
 - . the information contained in the periodic report fairly represents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /s/ MARK S. ZEIDMAN

Title: Chief Financial Officer
Date: August 9, 2004