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 EXHIBIT 7  
  
  
 AFFILIATE AGREEMENT  
  
  
Physician Sales & Service, Inc.  
0000 Xxxxxxxxxx Xxxxxxxxx  
Xxxxxxxxxxxx, Xxxxxxx 00000  
  
Attention: Xxxxxxx X. Xxxxx  
 Xxxxx X. Xxxxx  
  
Gentlemen:  
  
 The undersigned is a shareholder of Gulf South Medical Supply, Inc.  
("GSMS"), a corporation organized and existing under the laws of the State of  
Delaware, and will become a shareholder of Physician Sales & Service, Inc.  
("PSS"), a corporation organized and existing under the laws of the State of  
Florida, pursuant to the transactions described in the Agreement and Plan of  
Merger, dated as of December 14, 1997 (the "Agreement"), by and among PSS, PSS  
Merger Corp. ("Merger Corp.") and GSMS. Under the terms of the Agreement,  
Merger Corp. will be merged into and with GSMS (the "Merger"), and the shares  
of the $.01 par value common stock of GSMS ("GSMS Common Stock") will be  
converted into and exchanged for shares of the $.01 par value common stock of  
PSS ("PSS Common Stock"). This Affiliate Agreement represents an agreement  
between the undersigned and PSS regarding certain rights and obligations of the  
undersigned in connection with the shares of PSS to be received by the  
undersigned as a result of the Merger.  
  
 In consideration of the Merger and the mutual covenants contained herein,  
the undersigned and PSS hereby agree as follows:  
  
 1. Affiliate Status. The undersigned understands and agrees that as  
to GSMS he is an "affiliate" under Rule 145(c) as defined in Rule 405 of the  
Rules and Regulations of the Securities and Exchange Commission ("SEC") under  
the Securities Act of 1933, as amended ("1933 Act"), and the undersigned  
anticipates that he will be such an "affiliate" at the time of the Merger.  
  
 2. Initial Restriction on Disposition. The undersigned agrees that  
he will not sell, transfer, or otherwise dispose of his interests in, or reduce  
his risk relative to, any of the shares of PSS Common Stock into which his  
shares of GSMS Common Stock are converted upon consummation of the Merger until  
such time as PSS notifies the undersigned that the requirements of SEC  
Accounting Series Release Nos. 130 and 135 ("ASR 130 and 135") have been met.  
The undersigned understands that ASR 130 and 135 relate to publication of  
financial results of post-Merger combined operations of PSS and GSMS. PSS  
agrees that it will publish such results as promptly as practicable following  
the Merger in the sole discretion of PSS, but in any event within 45 days after  
the end of the first fiscal quarter of PSS containing the required period of  
post-Merger combined operations and that it will notify the undersigned  
promptly following such publication.  
  
 3. Covenants and Warranties of Undersigned. The undersigned  
represents, warrants and agrees that:  
  
 (a) The PSS Common Stock received by the undersigned as a result  
 of the Merger will be taken for his own account and not for others,  
 directly or indirectly, in whole or in part.  
  
 (b) PSS has informed the undersigned that any distribution by  
 the undersigned of PSS Common Stock has not been registered under the  
 1933 Act and that shares of PSS Common Stock received pursuant to the  
 Merger can only be sold by the undersigned (1) following registration  
 under the 1933 Act, or (2) in conformity with the volume and other  
 requirements of Rule 145(d) promulgated by the SEC as the same now exist  
 or may hereafter be amended, or (3) to the extent some other exemption  
 from registration under the 1933 Act might be available. The undersigned  
 understands that PSS is under no obligation to file a registration  
 statement with the SEC covering the disposition of the undersigned's  
 shares of PSS Common  
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 Stock or to take any other action necessary to make compliance with an  
 exemption from such registration available.  
  
 (c) During the 30 days immediately preceding the Effective Time  
 of the Merger, the undersigned has not sold, transfered, or otherwise  
 disposed of his interests in, or reduced his risk relative to, any of the  
 shares of GSMS Common Stock beneficially owned by the undersigned as of  
 the record date for determination of shareholders entitled to vote at the  
 Shareholders' Meeting of GSMS held to approve the Merger.  
  
 (d) The undersigned is aware that PSS intends to treat the  
 Merger as a tax-free reorganization under Section 368 of the Internal  
 Revenue Code ("Code") for federal income tax purposes. The undersigned  
 agrees to treat the transaction in the same manner as PSS for federal  
 income tax purposes. The undersigned acknowledges that Section  
 1.368-1(b) of the Income Tax Regulations requires "continuity of  
 interest" in order for the Merger to be treated as tax-free under Section  
 368 of the Code. This requirement is satisfied if, taking into account  
 those GSMS shareholders who receive cash in exchange for their stock, who  
 receive cash in lieu of fractional shares, or who dissent from the  
 Merger, there is no plan or intention on the part of the GSMS  
 shareholders to sell or otherwise dispose of the PSS Common Stock to be  
 received in the Merger that will reduce such shareholders' ownership to a  
 number of shares having, in the aggregate, a value at the time of the  
 Merger of less than 50% of the total fair market value of the GSMS Common  
 Stock outstanding immediately prior to the Merger. The undersigned has  
 no prearrangement, plan or intention to sell or otherwise dispose of an  
 amount of his PSS Common Stock to be received in the Merger which would  
 cause the foregoing requirement not to be satisfied.  
  
 4. Restrictions on Transfer. The undersigned understands and agrees  
that stop transfer instructions with respect to the shares of PSS Common Stock  
received by the undersigned pursuant to the Merger will be given to PSS's  
transfer agent and that there will be placed on the certificates for such  
shares, or shares issued in substitution thereof, a legend stating in  
substance:  
  
 "The shares represented by this certificate were issued pursuant to a  
 business combination which is accounted for as a "pooling of interests"  
 and may not be sold, nor may the owner thereof reduce his risks relative  
 thereto in any way, until such time as PSS, Inc. ("PSS") has published  
 the financial results covering at least 30 days of combined operations  
 after the effective date of the merger through which the business  
 combination was effected. In addition, the shares represented by this  
 certificate may not be sold, transferred or otherwise disposed of except  
 or unless (1) covered by an effective registration statement under the  
 Securities Act of 1933, as amended, (2) in accordance with (i) Rule  
 145(d) (in the case of shares issued to an individual who is not an  
 affiliate of PSS) or (ii) Rule 144 (in the case of shares issued to an  
 individual who is an affiliate of PSS) of the Rules and Regulations of  
 such Act, or (3) in accordance with a legal opinion satisfactory to  
 counsel for PSS that such sale or transfer is otherwise exempt from the  
 registration requirements of such Act."  
  
Such legend will also be placed on any certificate representing PSS securities  
issued subsequent to the original issuance of the PSS Common Stock pursuant to  
the Merger as a result of any transfer of such shares or any stock dividend,  
stock split, or other recapitalization as long as the PSS Common Stock issued  
to the undersigned pursuant to the Merger has not been transferred in such  
manner to justify the removal of the legend therefrom. Upon the request of the  
undersigned, PSS shall cause the certificates representing the shares of PSS  
Common Stock issued to the undersigned in connection with the Merger to be  
reissued free of any legend relating to restrictions on transfer by virtue of  
ASR 130 and 135 as soon as practicable after the requirements of ASR 130 and  
135 have been met. In addition, if the provisions of Rules 144 and 145 are  
amended to eliminate restrictions applicable to the PSS Common Stock received  
by the undersigned pursuant to the Merger, or at the expiration of the  
restrictive period set forth in Rule 145(d), PSS, upon the request of the  
undersigned, will cause the certificates representing the shares of PSS Common  
Stock issued to the undersigned in connection with the Merger to be reissued  
free of any legend relating to the restrictions set forth in Rules 144 and  
145(d) upon receipt by PSS of an opinion of its counsel to the effect that such  
legend may be removed.  
  
  
  
  
  
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 5. Understanding of Restrictions on Dispositions. The undersigned  
has carefully read the Agreement and this Affiliate Agreement and discussed  
their requirements and impact upon his ability to sell, transfer, or otherwise  
dispose of the shares of PSS Common Stock received by the undersigned, to the  
extent he believes necessary, with his counsel or counsel for GSMS.  
  
 6. Filing of Reports by PSS. PSS agrees, for a period of three years  
after the effective date of the Merger, to file on a timely basis all reports  
required to be filed by it pursuant to Section 13 of the Securities Exchange  
Act of 1934, as amended, so that the public information provisions of Rule  
145(d) promulgated by the SEC as the same are presently in effect will be  
available to the undersigned in the event the undersigned desires to transfer  
any shares of PSS Common Stock issued to the undersigned pursuant to the  
Merger.  
  
 7. Transfer Under Rule 145(d). If the undersigned desires to sell or  
otherwise transfer the shares of PSS Common Stock received by him in connection  
with the Merger at any time during the restrictive period set forth in Rule  
145(d), the undersigned will provide the necessary representation letter to the  
transfer agent for PSS Common Stock together with such additional information  
as the transfer agent may reasonably request. If PSS's counsel concludes that  
such proposed sale or transfer complies with the requirements of Rule 145(d),  
PSS shall cause such counsel to provide such opinions as may be necessary to  
PSS's Transfer Agent so that the undersigned may complete the proposed sale or  
transfer.  
  
 8. Acknowledgments. The undersigned recognizes and agrees that the  
foregoing provisions also apply to all shares of the capital stock of GSMS and  
PSS that are deemed to be beneficially owned by the undersigned pursuant to  
applicable federal securities laws, which the undersigned agrees may include,  
without limitation, shares owned or held in the name of (i) the undersigned's  
spouse, (ii) any relative of the undersigned or of the undersigned's spouse who  
has the same home as the undersigned, (iii) any trust or estate in which the  
undersigned, the undersigned's spouse, and any such relative collectively own  
at least a 10% beneficial interest or of which any of the foregoing serves as  
trustee, executor, or in any similar capacity, and (iv) any corporation or  
other organization in which the undersigned, the undersigned's spouse and any  
such relative collectively own at least 10% of any class of equity securities  
or of the equity interest. The undersigned further recognizes that, in the  
event that the undersigned is a director or officer of PSS or becomes a  
director or officer of PSS upon consummation of the Merger, among other things,  
any sale of PSS Common Stock by the undersigned within a period of less than  
six months following the effective time of the Merger may subject the  
undersigned to liability pursuant to Section 16(b) of the Securities Exchange  
Act of 1934, as amended.  
  
 9. Miscellaneous. This Affiliate Agreement is the complete agreement  
between PSS and the undersigned concerning the subject matter hereof. Any  
notice required to be sent to any party hereunder shall be sent by registered  
or certified mail, return receipt requested, using the addresses set forth  
herein or such other address as shall be furnished in writing by the parties.  
This Affiliate Agreement shall be governed by the laws of the State of  
Delaware.  
  
  
  
  
  
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 This Affiliate Agreement is executed as of the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_,  
19\_\_.  
  
  
  
 Very truly yours,  
  
   
 --------------------------------------  
 Signature  
  
   
 --------------------------------------  
 Print Name   
   
 --------------------------------------  
  
   
 --------------------------------------  
 Address  
   
 [add below the signatures of all   
 registered owners of shares deemed   
 beneficially owned by the affiliate]  
   
  
 --------------------------------------  
 Name:  
   
  
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 Name:  
   
  
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 Name:  
   
AGREED TO AND ACCEPTED as of   
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 19\_\_  
  
PHYSICIAN SALES & SERVICE, INC.  
  
  
By:  
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