

# SECURITIES AND EXCHANGE COMMISSION

## FORM 424B3

Prospectus filed pursuant to Rule 424(b)(3)

Filing Date: **1996-12-30**  
SEC Accession No. **0000950109-96-008733**

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### FILER

#### **CORPORATE EXPRESS INC**

CIK: **878130** | IRS No.: **840978360** | State of Incorpor.: **CO** | Fiscal Year End: **0228**  
Type: **424B3** | Act: **33** | File No.: **333-12451** | Film No.: **96688326**  
SIC: **5961** Catalog & mail-order houses

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3033732800

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PROSPECTUS  
DECEMBER 26, 1996

\$325,000,000 4 1/2% CONVERTIBLE NOTES DUE 2000

6,500,000 SHARES OF COMMON STOCK

LOGO

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This Prospectus relates to the offering by the selling securityholders named herein (the "Selling Securityholders") of 4 1/2% Convertible Notes due 2000 of Corporate Express, Inc. (the "Company" or "Corporate Express") in the aggregate principal amount of up to \$325 million (the "Notes" or the "Offered Notes"). In addition, this Prospectus relates to the offering by the Selling Securityholders of up to 6,500,000 shares (subject to adjustment under certain circumstances) of the Company's common stock, par value \$.0002 per share (the "Common Stock" and, together with the Offered Notes, the "Securities"), issued or issuable upon conversion of the Offered Notes.

The Offered Notes were issued and sold in June 1996 in transactions exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), to persons reasonably believed by the managers who placed the Offered Notes (the "Managers") to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) or institutional accredited investors or to persons in offshore transactions in reliance upon Regulation S under the Securities Act.

The Offered Notes are convertible into shares of Common Stock of the Company prior to maturity or repurchase or five business days prior to redemption at a conversion price of \$50.00 per share, subject to adjustment under certain conditions. See "Description of the Notes--Conversion." The Notes will be listed on the Luxembourg Stock Exchange and, prior to their resale pursuant to this Prospectus, certain of the Offered Notes were eligible for trading on the Private Offerings, Resales and Trading through Automated Linkages ("PORTAL") Market. The Offered Notes resold pursuant to this Prospectus will no longer be eligible for trading on the PORTAL Market.

Interest on the Notes is payable on January 1 and July 1 of each year, commencing on January 1, 1997. Principal and interest payments will be made without any deduction for U.S. withholding taxes, except to the extent described under "Description of the Notes--Payment of Additional Amounts." Subject to certain restrictions and conditions, the Notes may be repurchased upon a Change in Control (as defined herein) at the election of the Holders (as defined herein), at the principal amount thereof, plus accrued and unpaid interest thereon to the date of repurchase. The Notes are also redeemable at the option of the Company after July 1, 1998 at redemption prices described herein, plus accrued interest, except that, until July 1, 1999, the Notes cannot be redeemed at the Company's option unless the closing sale price of the Common Stock equals or exceeds 150% of the then effective conversion price for at least 15 out of 30 consecutive trading days ending within 20 days before the notice of redemption is first mailed. See "Description of the Notes--Redemption." The Notes are not entitled to any sinking fund. The Notes mature on July 1, 2000.

The Notes are general unsecured obligations of the Company which rank pari passu with the Company's other unsecured indebtedness and general liabilities, including trade payables. Since the Company is a holding company which conducts substantially all of its operations through subsidiaries, the Notes are effectively subordinated to all of the liabilities of the Company's subsidiaries, including the secured and unsecured indebtedness of such subsidiaries. The Company's ability to pay principal and interest on the Notes

is dependent upon the receipt by the Company of dividends or other funds from its subsidiaries. The payment by the subsidiaries of such dividends or other funds is prohibited or restricted by the terms of existing agreements to which the Company's subsidiaries are parties. Neither the Indenture (as defined herein) nor the Notes limit the Company's or any subsidiary's right to incur secured or unsecured indebtedness. See "Description of the Notes--Structural Subordination of Notes."

The Company will not receive any of the proceeds from the sale of the Securities offered hereby. The Selling Securityholders directly, through agents designated from time to time, or through brokers, dealers or underwriters to be designated, may sell the Securities from time to time on terms to be determined at the time of sale. To the extent required, the specific amount of Securities to be sold, the respective purchase price and public offering price, the names of any such agent, broker, dealer or underwriter, and any applicable commission or discount with respect to the particular offer will be set forth in a Prospectus Supplement. The Company has agreed to bear substantially all expenses of registration of the Securities under federal and state securities laws, other than commissions, fees and discounts of underwriters, brokers, dealers and agents, and to indemnify the Selling Securityholders against certain liabilities. See "Plan of Distribution."

The Selling Securityholders and any broker-dealer, agents or underwriters that participate with the Selling Securityholders in the distribution of the Securities may be deemed to be "underwriters" within the meaning of the Securities Act, and any commissions received by them and any profits on the resale of the Securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. The Selling Securityholders have agreed to indemnify the Company against certain liabilities. See "Plan of Distribution."

The Company's Common Stock is traded on the Nasdaq National Market under the symbol "CEXP." On December 26, 1996, the last reported sale price of the Common Stock was \$28.25 per share.

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SEE "RISK FACTORS" COMMENCING ON PAGE 8 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS IN THE SECURITIES.  
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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

#### AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") in Washington, D.C. a Registration Statement on Form S-3 under the Securities Act with respect to the Securities offered hereby. This Prospectus, which constitutes part of the Registration Statement, omits certain of the information contained in the Registration Statement and the exhibits and schedules thereto on file with the Commission pursuant to the Securities Act and the rules and the regulations of the Commission thereunder. Statements contained in this Prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, and each such statement is qualified in all respects by such reference. The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements, information statements and other information with the Commission. Such reports, proxy and information statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the

following Regional Offices of the Commission: Seven World Trade Center, Suite 1300, New York, New York 10048; and 500 West Madison Avenue, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates, or from the Commission's internet web site at <http://www.sec.gov>. In addition, such materials also may be inspected and copied at the offices of the Nasdaq National Market, 1735 K Street, N.W., Washington, D.C. 20006.

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As used in this Prospectus, "fiscal 1991," "fiscal 1992," "fiscal 1993," "fiscal 1994," "fiscal 1995" and "fiscal 1996" refer to the Company's fiscal years ended or ending February 29, 1992, February 28, 1993, February 28, 1994, February 25, 1995, March 2, 1996 and March 1, 1997, respectively. All information in this Prospectus has been adjusted to reflect a one for two reverse stock split on August 29, 1994 and a 50% share dividend distributed on June 21, 1995. All references in this Prospectus to "\$" refer to United States dollars.

#### INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents of the Company filed with the Commission (File No. 0-24642) are incorporated herein by reference:

(a) the Company's Annual Report on Form 10-K for the fiscal year ended March 2, 1996;

(b) the Company's Quarterly Reports on Form 10-Q for the quarters ended June 1, 1996 and August 31, 1996;

(c) the Company's Current Report on Form 8-K/A filed on June 19, 1996 and the Company's Current Reports on Form 8-K filed on September 16, 1996 and September 20, 1996, respectively;

(d) the Company's Registration Statement on Form S-4 (File No. 333-13217) (the "Form S-4"); and

(e) the description of the Common Stock contained in the Company's Registration Statement on Form 8-A filed with the Commission on August 4, 1994.

In addition, all reports and other documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the termination of the offering made hereby, shall be deemed to be incorporated by reference into this Prospectus. Any statement incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THIS PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE WHICH ARE NOT PRESENTED HEREIN OR DELIVERED HERewith. THESE DOCUMENTS (OTHER THAN EXHIBITS) ARE AVAILABLE WITHOUT CHARGE UPON WRITTEN OR ORAL REQUEST FROM THE COMPANY BY CONTACTING THE SECRETARY OF THE COMPANY AT 325 INTERLOCKEN PARKWAY, BROOMFIELD, COLORADO 80021 (TELEPHONE (303-373-2800)). IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD ALLOW AT LEAST FIVE (5) BUSINESS DAYS FOR DELIVERY.

#### PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus and the documents incorporated herein by reference.

## THE COMPANY

Corporate Express is a leading provider of non-production goods and services to large corporations. Since 1991, Corporate Express has expanded through acquisitions from a regional operation in Colorado to operations throughout the United States, Canada, the United Kingdom, France, Germany, Australia and New Zealand. Corporate Express believes it has developed a substantially different business model from traditional contract stationers, defining itself as a "Corporate Supplier" which provides a broad array of non-production goods and services to its customers while reducing overall procurement costs and providing a high level of customer service. The Company's current offering includes office supplies, computer and imaging supplies, computer software, office furniture, forms management, printing, same-day local delivery service and distribution logistics management. Corporate Express markets to its existing and prospective customers through a direct sales force and fulfills its products and services through over 700 locations and a fleet of approximately 12,000 owned or contracted vehicles.

The Company's target customers are large corporations with over 100 employees. The Company believes that these large corporations increasingly are seeking to reduce the cost of procuring non-production goods and services and decrease the time and effort spent managing functions that are not considered core competencies. To that end, corporations are seeking to reduce the number of their suppliers in order to eliminate the internal costs associated with multiple invoices, deliveries, ordering procedures, uneven service levels and inconsistent product availability. Many large corporations operate from multiple locations and can benefit from selecting a single supplier who can service them nationally or internationally.

In many non-production goods and services sectors, competition is often highly fragmented and consists primarily of smaller local or regional providers. The Company believes that the desire of large corporations to reduce their number of suppliers to a small group of reliable and cost-effective partners will lead to a further consolidation of currently fragmented sectors, as well as initiate consolidations between sectors where the ultimate requirement will be the ability to meet customers' needs rather than to supply a particular product or service.

The Company's Corporate Supplier strategy is designed to reduce its customers' total costs and the internal effort necessary to manage the procurement of non-production goods and services. The Company believes that its target customers value a high level of service including account relationship managers, delivery services and customized pricing, electronic interfaces, reporting formats and product catalogs. Corporate Express' broad product and service offering permits the Company to reduce the procurement costs its customers incur in dealing with multiple vendors while servicing customers' broad geographical service and delivery requirements.

Corporate Express also seeks to continually reduce its merchandise and operating costs which should permit it to offer its customers lower prices. By purchasing most of its products directly from manufacturers in large volumes and limiting the number of manufacturers represented in its In-Stock Catalog and other specialty catalogs, Corporate Express is increasingly able to earn volume discounts and advertising allowances from its vendors.

Corporate Express believes its computer systems represent a key strategic advantage which differentiates the Company from its competitors and permits it to achieve cost savings, provide superior customer service and centrally manage its operations.

The Company historically has grown and intends to continue to grow in the future through a combination of acquisitions and internal growth. Since the beginning of fiscal 1996 through December 16, 1996, the Company has completed 79 acquisitions. Of these acquisitions, 53 were in the United States, eight

were in Canada, six were in the United Kingdom, five were in Australia, three were in New Zealand, two were in Germany and two were in France. The Company plans to increase sales to existing customers by cross-selling its expanded product and service offering and developing existing customers into international, national or multi-regional accounts. Corporate Express seeks to gain new customers, including national and international accounts, through the marketing efforts of its direct sales force and through acquisitions of other suppliers and companies offering complementary products and services. Further, the mergers with U.S. Delivery Systems, Inc. ("Delivery") and United TransNet, Inc. have expanded the Company's delivery capabilities and geographic coverage in the United States. In addition, the Company may open additional satellite sales offices and distribution breakpoints to serve new accounts and to continue to add new product and service capabilities.

In order to better service its multi-national customers and to take advantage of the fragmented nature of many international markets, Corporate Express has devoted substantial resources to expanding outside of the United States, principally through acquisitions. The Company has acquired or made investments in companies in Canada and Australia in calendar 1995, and the United Kingdom, France, Germany and New Zealand in calendar 1996. The Company plans to enter additional international markets in the future. Over time, the Company plans to implement appropriate aspects of the Corporate Supplier business model in its international operations, including creating in-stock catalogs, consolidating warehouses, upgrading information systems, acquiring companies offering complementary products and services and focusing on larger customers and national and international accounts.

The Company was incorporated under the laws of Colorado in 1985. As of June 18, 1996, the Company consummated a reorganization pursuant to which the Company formed CEX Holdings, Inc., a wholly-owned subsidiary organized under the laws of Colorado ("CEX Holdings"), and contributed substantially all of its assets, including the capital stock of most of its operating subsidiaries, and assigned substantially all of its liabilities, to CEX Holdings. The Company believes that the reorganization will enable it to achieve certain tax advantages, provide it more flexibility to engage in certain financing transactions and allow it to better manage its operating subsidiaries. The Company operates substantially all of its business through various subsidiaries. The Company's executive offices are located at 325 Interlocken Parkway, Broomfield, Colorado 80021, and its telephone number is (303) 373-2800.

#### IMPORTANT FACTORS REGARDING FORWARD-LOOKING STATEMENTS

Some of the information presented in or incorporated by reference into this Prospectus constitutes forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results of the Company's operations will not differ materially from its expectations. Factors which could cause actual results to differ from expectations include, among others, uncertainties related to integrating recent acquisitions, uncertainties relating to the introduction of the Company's new product and service offerings, uncertainties related to future domestic and international acquisitions, uncertainties related to the Company's systems and proprietary software, uncertainties related to legislation with respect to independent contract drivers, uncertainty of whether the Company's activities will continue to be successful, and uncertainties related to competition and the demand for the products and services offered by the Company. Specific reference is made to the risks and uncertainties described under "Risk Factors."

#### THE OFFERING

THIS PROSPECTUS RELATES TO THE OFFERING BY THE SELLING SECURITYHOLDERS OF BOTH THE OFFERED NOTES AND, TO THE EXTENT THE OFFERED NOTES HAVE BEEN, OR ARE,

CONVERTED, THE COMMON STOCK. THE FOLLOWING SUMMARY OF CERTAIN TERMS OF THE OFFERED NOTES IS NOT COMPLETE AND IS QUALIFIED BY ALL OF THE TERMS AND CONDITIONS CONTAINED IN THE OFFERED NOTES AND IN THE INDENTURE. FOR A MORE DETAILED DESCRIPTION OF THE TERMS OF THE OFFERED NOTES, SEE "DESCRIPTION OF THE NOTES."

THE COMMON STOCK

<TABLE>

<S>	<C>
Common Stock outstanding as of December 16, 1996(1).....	77,564,504 shares
Common Stock to be outstanding assuming conversion of the Notes(1)(2).....	84,064,504 shares
Nasdaq National Market symbol.....	CEXP

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- (1) Excludes 11,159,997 shares of Common Stock issuable upon exercise of stock options and other warrants outstanding at December 16, 1996 and approximately 525,000 shares of Common Stock issuable to former shareholders of entities acquired by the Company in previous acquisitions.
  - (2) Assumes no adjustment to the conversion price of the Notes.

THE OFFERED NOTES

The Notes.....	U.S. \$325,000,000 principal amount of 4 1/2% Convertible Notes due July 1, 2000, with interest payable on January 1 and July 1, commencing on January 1, 1997.
Issuer.....	Corporate Express, Inc., a Colorado corporation.
Conversion.....	The Notes are convertible into Common Stock at any time prior to maturity or repurchase or five business days prior to any redemption at a conversion price of U.S. \$50.00 per share, subject to adjustment under certain conditions.
Optional Redemption by the Company.....	The Notes are not redeemable prior to July 1, 1998. Thereafter, the Notes are redeemable at the Company's option, in whole or in part, at any time and from time to time, at redemption prices as described herein, plus accrued interest, except that, until July 1, 1999 the Notes cannot be redeemed at the Company's option unless the closing sale price of the Common Stock equals or exceeds 150% of the then effective conversion price for at least 15 out of 30 consecutive trading days ending within 20 days before the notice of redemption is first mailed.
Additional Amounts and Redemption For Taxation Reasons.....	The Company will pay Additional Amounts (as defined herein), subject to certain exceptions, in order that the non-U.S. Holders of Notes or coupons receive the full amount of the principal, premium, if any, and interest specified therein (including any amount payable upon a repurchase of the Notes as described below under "Repurchase at Option of Holders Upon Change in Control") without deduction for or on account of U.S. withholding taxes. In the event that the Company must pay such Additional Amounts as a result of a change in or amendment to

the tax laws, the affected Notes will be redeemable at the option of the Company, in whole but not in part, at 100% of the principal amount thereof, plus any accrued interest to the redemption date (but without reduction for U.S. withholding taxes). If U.S. information reporting requirements are changed so as to require disclosure of the nationality, residence or identity of the beneficial owners of Bearer Notes or coupons, the Company is required to either, at its option, (i) redeem the Bearer Notes, in whole but not in part, at 100% of the principal amount thereof, plus accrued interest to the redemption date; or (ii) if such disclosure may be avoided by payment of a backup withholding tax or similar charge, withhold and pay (subject to certain limited exceptions) any additional amounts necessary to cause the holders of the Bearer Notes or coupons to receive the full amount of the principal, premium, if any, and interest specified therein when due.

Repurchase at Option of  
Holders Upon Change in  
Control.....

Upon a Change in Control (as defined herein), holders of Notes ("Holders") will have the right, subject to certain restrictions and conditions, to require the Company to repurchase all or any part of their Notes at the principal amount thereof, plus accrued and unpaid interest thereon to the date of repurchase.

Structural Subordination.....

The Notes are general unsecured obligations of the Company which rank pari passu with the Company's other unsecured indebtedness and general liabilities, including trade payables. The Notes have not been guaranteed by and do not constitute an obligation of any of the Company's subsidiaries. Since the Company is a holding company which conducts substantially all of its operations through the operating subsidiaries of CEX Holdings, the Notes are effectively subordinated to all of the obligations and liabilities of the Company's subsidiaries, including the secured and unsecured indebtedness of such subsidiaries. Neither the Indenture nor the Notes limit the Company's or any subsidiary's right to incur secured or unsecured indebtedness. While the Company had no indebtedness which was senior to the Notes as of November 30, 1996, the indebtedness of the Company's subsidiaries as of that date included approximately \$90.0 million of principal due under certain 9 1/8% Senior Subordinated Notes due 2003, approximately \$71.6 million due under revolving lines of credit worldwide and approximately \$42.1 million in other liabilities.

Events of Default.....

(i) failure of the Company to pay interest for 30 days after the same is due or failure to pay all or any part of the principal or repurchase price when due; (ii) failure of the Company to



comply with any of its other agreements contained in the Notes or the Indenture for 30 days after receipt of notice of such failure; (iii) default by the Company or any Material Subsidiary of the Company (as defined in the Indenture) with respect to its

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obligation to pay principal of, premium, if any, or interest on certain other indebtedness aggregating more than \$30,000,000, or the acceleration of such indebtedness under the terms of the instruments evidencing such indebtedness, which has not been withdrawn within 30 days from the date of such default; and (iv) certain events of bankruptcy or insolvency, including without limitation, appointment of a custodian of the Company's property or liquidation of the Company or any Material Subsidiary.

Listing.....

The Notes will be listed on the Luxembourg Stock Exchange. Prior to their resale pursuant to this Prospectus, the Notes issued in transactions complying with Rule 144A were eligible for trading on the PORTAL Market. The Offered Notes sold pursuant to this Prospectus will no longer be eligible for trading on the PORTAL Market.

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#### RISK FACTORS

In addition to other information in this Prospectus, the following factors should be considered carefully in evaluating an investment in the Securities.

Rapid Expansion; Integration of Acquisitions; Dependence on Acquisitions for Future Growth. Through numerous acquisitions completed since 1991, Corporate Express significantly increased the scope of its operations from a regional operation in Colorado to operations throughout the United States, Canada, the United Kingdom, Australia, Germany, New Zealand and France. The majority of these acquisitions have occurred since 1994. Since the beginning of fiscal 1996 through December 16, 1996, the Company has completed 79 acquisitions. In fiscal 1995, the Company completed 51 acquisitions. In fiscal 1994, the Company completed 26 acquisitions. There can be no assurance that Corporate Express' management and financial controls, personnel, computer systems and other corporate support systems will be adequate to manage the increase in the size and scope of Corporate Express' operations and acquisition activity.

An important part of Corporate Express' strategy is to integrate its acquisitions in North America into its operations and implement the Corporate Express business model. The Company has not fully implemented the Corporate Express business model in many of its North American regions, which regions generally are not performing as favorably as the regions in which the Corporate Express business model has been implemented. There can be no assurance that Corporate Express will be able to implement key aspects of the Corporate Express business model in a timely manner without substantial costs, delays or other problems. Recent acquisitions may not achieve sales, profitability or asset productivity commensurate with Corporate Express' more mature regions. In addition, acquisitions involve a number of special risks, including adverse short-term effects on Corporate Express' reported operating results, the diversion of management's attention, the dependence on retention, hiring and training of key personnel, the amortization of acquired intangible assets and risks associated with unanticipated problems or legal liabilities,

some or all of which could have a material adverse effect on Corporate Express' operations and financial performance.

A major element of Corporate Express' business strategy is to continue to pursue acquisitions that either expand or complement its business in new or existing regions. Acquisitions have constituted, and the Company expects that acquisitions will continue to constitute in the future, a principal component of growth in revenue and operating income. There can be no assurance that Corporate Express will be able to identify and acquire acceptable acquisition candidates on terms favorable to it and in a timely manner to the extent necessary to fulfill its expansion plans. A substantial portion of Corporate Express' capital resources could be used for these acquisitions. Consequently, the Company may require additional debt or equity financing for future acquisitions, which additional financing may not be available on favorable terms, if at all. The failure to complete acquisitions and continue its expansion could have a material adverse effect on Corporate Express' financial performance. As the Company proceeds with its acquisition strategy, it will continue to encounter the risks associated with the integration of acquisitions described above.

International Expansion. The Company acquired or made investments in companies in Canada and Australia in calendar 1995 and in the United Kingdom, Germany, New Zealand and France in calendar 1996 through December 16, 1996. Over time, the Company plans to implement appropriate aspects of the Corporate Express business model in its international operations, including creating in-stock catalogs, consolidating warehouses, upgrading information systems, acquiring companies offering complementary products and services and focusing on larger customers and national and international accounts. Expansion into international markets may involve additional risks relating to implementing key aspects of the Corporate Express business model, as well as risks relating to currency exchange rates, new and different legal, tax, accounting and regulatory requirements, difficulties in staffing and managing foreign operations, operating difficulties and other factors. Due to a review of competition in the Australian office products market by the Australian Competition and Consumer Commission, future acquisitions of office products suppliers by the Company's majority-owned subsidiary, Corporate Express Australia, may be subject to heightened regulatory scrutiny.

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Expanded Product and Service Offering. The Company has significantly expanded its product and service offering through the acquisition of Richard Young Journal, Inc., a computer products distributor, Delivery, a same-day local delivery company, and ASAP Software Express, Inc., a direct reseller of computer software and provider of related services. Certain complementary products now offered by the Company, such as computer software, have lower gross profit and operating expense margins than the products traditionally sold by the Company. The Company intends to continue to make additions to its product and service offering in the future. Moreover, the addition by the Company to its product and service offering presents certain risks and uncertainties involving the Company's relative unfamiliarity with these new products and services and the market for such new products and services. There can be no assurance that the Company will be successful in developing or integrating these or other additions, or that its existing customers will accept such additions, to the products and services currently offered by the Company.

Dependence on Systems. In April 1996, Corporate Express began the implementation of a new 3.0 release of its "ISIS" computer software which is being developed to incorporate three-tier client/server architecture that is expected to permit customers and suppliers to better communicate with Corporate Express. ISIS is intended to give Corporate Express the ability to more readily customize its product offering, operating procedures and customer services. This is expected to give Corporate Express the ability to integrate various product and service offerings, enabling it to reduce procurement costs for its customers and add value as a service provider. There can be no assurance that the Company's goals with respect to the systems will be attained. Pending full introduction of the ISIS upgrades, which could take

longer than expected, various of the Company's operations will be dependent upon different hardware or software operating systems which may be costly to maintain or integrate. Further, the Company anticipates that ongoing modifications to its computer systems such as the introduction of the new release of ISIS will continue to be made in the future and such modifications may cause disruptions in operations, delay the integration of acquisitions, or cost more to design, implement or operate than currently budgeted. Any such disruptions, delays or costs could have a material adverse effect on the Company's operations and financial performance.

Although Corporate Express uses computers which have been reliable to date, it does not currently have redundant computer systems or redundant dedicated communication lines linking one of its computers to each regional warehouse. Corporate Express has taken precautions to protect itself from events that could interrupt its operations, including back-up power supplies that allow its computer system to function in the event of a power outage, off-site storage of back-up data, fire protection, physical security systems and an early warning detection and fire extinguishing system. Notwithstanding these precautions, there can be no assurance that a fire, flood or other natural disaster affecting Corporate Express' system or its dedicated communication line would not disable the system or prevent the system from communicating with the regional warehouses. The occurrence of any of these events could have a material adverse effect on the Company's operations and financial performance.

**Substantial Competition.** Corporate Express, in many of its product lines and services, operates in a highly competitive environment. The Company's principal competitors in North America for office supplies and computer products are regional and national contract stationers, including the contract stationer operations of office products superstores, large direct resellers, privately-held companies that generally operate in only one location, and distributors of business software for personal computers. In the delivery services sector, the Company has numerous competitors, certain of which have service capabilities which are equal to or greater than the Company's and others which provide different types or levels of service.

Each of the Company's major product and service categories are within fragmented industries which are currently experiencing a trend toward consolidation. Certain of the Company's competitors have greater financial resources than Corporate Express. In addition, there may be increasing competition for acquisition candidates and there can be no assurance that acquisitions will continue to be available on favorable terms, if at all.

**Fluctuations in Quarterly Operating Results.** Corporate Express' product distribution business is subject to seasonal influences. In particular, net sales and profits in the United States and Canada are typically lower in the three months ending in late August due to lower levels of business activity during the summer months.

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Because cost of sales includes delivery and occupancy expenses, gross profit as a percentage of net sales may be impacted by seasonal fluctuations in net sales and the acquisition of less efficient operations. Quarterly results may be materially affected by the timing of acquisitions and the timing and magnitude of acquisition assimilation costs. Therefore, the operating results for any three month period are not necessarily indicative of the results that may be achieved for any subsequent fiscal quarter or for a full fiscal year.

**Dependence on Key Management.** Corporate Express' success will continue to depend to a significant extent on its executive officers and other key management. Corporate Express has entered into employment agreements with certain executive officers. There can be no assurance that Corporate Express will be able to retain its executive officers and key personnel or attract additional qualified members of management in the future. In addition, the success of certain of Corporate Express' acquisitions may depend, in part, on Corporate Express' ability to retain management personnel of the acquired companies. The loss of the services of any key managers could have a material

adverse effect upon Corporate Express' business.

Possible Volatility of Stock Price. The market price of the Company's Common Stock has been, and can be expected to continue to be, subject to significant fluctuations caused by variations in quarterly operating results, litigation involving the Company, announcements by the Company or its competitors, general conditions in the office products and services industry and other factors. Since the beginning of fiscal 1996 through December 16, 1996, the Common Stock has traded in the range of \$24.50 to \$46.75 per share. The stock market in recent years has experienced extreme price and volume fluctuations that often have been unrelated or disproportionate to the operating performance of publicly traded companies. These broad fluctuations may adversely affect the market price of the Common Stock and the Notes.

Structural Subordination of Notes. The Notes are general unsecured obligations of the Company which are ranked pari passu with the Company's other unsecured indebtedness and general liabilities, including trade payables. The Notes have not been guaranteed by and do not constitute an obligation of any of the Company's subsidiaries. Since the Company is a holding company which conducts all of its operations through its operating subsidiaries, the Notes are effectively subordinated to all of the obligations and liabilities of the Company's subsidiaries, including the secured and unsecured indebtedness of such subsidiaries. The Company's ability to pay the interest and principal obligations under the Notes is dependent upon (i) the Company's use of the proceeds received from the initial offering of the Notes in a manner which is not prohibited or restricted under any agreement or instrument to which the Company or any of its subsidiaries is currently, or subsequently becomes, a party, (ii) the use of proceeds received from subsequent financing transactions, or (iii) the receipt of funds from the Company's subsidiaries, whether from dividends, distributions, the repayment of loans made by the Company to such subsidiaries or other payments from such subsidiaries. Certain agreements or instruments to which the Company's principal subsidiary, CEX Holdings, is currently a party prohibit or restrict (and other agreements or instruments to which CEX Holdings or its operating subsidiaries are currently parties may prohibit or restrict), CEX Holdings' and its operating subsidiaries' ability to borrow funds and limit their right, based upon the amount of cash flows and certain other factors, to make dividend payments, distributions, loan repayments or other payments to the Company, causing the Notes to be effectively subordinated to all of such subsidiaries' obligations, including all unsecured indebtedness and general liabilities of such subsidiaries. Neither the Indenture nor the Notes limit the Company's or any subsidiary's right to incur secured or unsecured indebtedness. The subsidiaries are separate and distinct legal entities from the Company and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether by dividends, the repayment of loans or other payments. In addition, the payment of dividends and the making of loans and advances to the Company by its subsidiaries, or the repayment of loans from the Company to the subsidiaries, may be subject to statutory, contractual or other restrictions, are dependent upon the earnings of those subsidiaries and are subject to various business considerations. There can be no assurance that the Company will have sufficient funds, be able to consummate subsequent financings or receive sufficient funds from subsidiaries necessary to satisfy its obligations to pay interest on the Notes when due or to repay the outstanding principal amount of the Notes at maturity or upon a redemption or repurchase of the Notes. See "Description of the Notes--Structural Subordination of Notes."

Change In Control. The Indenture provides Holders with the right to require the Company to repurchase all or a portion of the Notes upon a Change in Control. However, if a Change in Control were to occur, there can be no assurance that the Company would have sufficient funds to pay the Change in Control purchase price for all Notes tendered by the Holders thereof. See "Description of the Notes--Structural Subordination of Notes." Further, the terms of future indebtedness ranking pari passu in right of payment with the

Notes could require that such indebtedness be repaid upon the occurrence of a Change in Control. Failure by the Company to repurchase the Notes when required will result in an Event of Default with respect to the Notes.

Possible Nondeductibility of Interest on the Notes. Section 279 of the Internal Revenue Code of 1986, as amended (the "Code"), limits the deduction of interest paid or incurred by a corporation on "corporate acquisition indebtedness" ("CAD") to \$5 million per year (less interest paid on obligations not classified as CAD which are issued to provide consideration for certain stock or asset acquisitions). The Notes will be classified as CAD only if the Notes are deemed, for tax purposes, to meet the requirements of each of four tests: an acquisition test; a subordination test; a convertibility test; and a debt-earnings or interest coverage test. The Company anticipates that one or more of these tests will not be satisfied and, accordingly, the Company intends to take the position that the Notes do not constitute CAD and that its deductions for interest paid on the Notes are not limited by Section 279 of the Code. The Company does not intend to apply to the IRS for a ruling on this issue and has not received an opinion from counsel as to the deductibility of the interest on the Notes. If the IRS, upon audit, were to disallow the Company's interest deductions on the Notes pursuant to Section 279 of the Code, the Company believes that such disallowance would not be sustained, but the Company can offer no assurance in this regard. Any such disallowance would have a material adverse effect on the Company.

Absence of Existing Market for Notes. The Notes will be listed on the Luxembourg Stock Exchange and, prior to their resale pursuant to this Prospectus, the Notes issued in transactions complying with Rule 144A were eligible for trading on the PORTAL Market. The Offered Notes sold pursuant to this Prospectus will no longer be eligible for trading on the PORTAL Market. There can be no assurance that an active trading market for the Notes will develop, or if such market develops, as to the liquidity or sustainability of such market. The Managers have advised the Company that they currently intend to make a market in the Notes, but they are not obligated to do so and may discontinue such market-making at any time. There can be no assurance that an active market for the Notes will continue or that the market price of the Notes will not decline. Various factors and events such as increased competition, quarter-to-quarter variations in financial results, changes in prevailing interest rates, change in perceptions of the Company's creditworthiness, or a decline in the market price of the Common Stock could cause the market price of the Notes to fluctuate significantly.

USE OF PROCEEDS

The Company will not receive any of the proceeds from the sale of the Securities offered hereby.

RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>  
<CAPTION>

	SIX MONTHS ENDED	QUARTER ENDED	YEAR ENDED				
	AUGUST 31, 1996	AUGUST 31, 1996	MARCH 2, 1996	FEBRUARY 25, 1995	FEBRUARY 28, 1994	FEBRUARY 28, 1993	FEBRUARY 29, 1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of Earnings to Fixed Charges.....	3.6x	3.2x	1.7x	1.9x	0.2x	0.4x	1.4x

</TABLE>

For the purpose of computing the ratio of earnings to fixed charges, earnings consist of earnings before income taxes and fixed charges (excluding capitalized interest). Fixed charges consist of interest expense plus the portion of rental expense under operating leases that has been deemed by the

Company to be representative of the interest factor (approximately ten percent of rental expense), capitalized interest and amortization of debt expense.

#### DIVIDEND POLICY

The Company has never paid a dividend on its Common Stock. The Company does not anticipate paying any cash dividends on its Common Stock in the foreseeable future because it intends to retain its earnings to finance the expansion of its business and for general corporate purposes. Any payment of future dividends will be at the discretion of the Company's Board of Directors and will depend upon, among other things, the Company's earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to the payment of dividends and other relevant factors. The Company's Senior Credit Facility prohibits the distribution of dividends without the prior written consent of the lenders. In addition, the indenture governing the Company's 9 1/8% Senior Subordinated Notes due 2003 prohibits the Company from paying a dividend which would cause a default under such indenture or which would cause the Company to fail to comply with certain financial covenants.

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#### DESCRIPTION OF THE NOTES

The Notes, including the Offered Notes, were issued pursuant to the Indenture dated as of June 24, 1996, as amended by the First Supplemental Indenture dated as of October 15, 1996 (the "Indenture") between the Company, as issuer, and Bankers Trust Company, as trustee (the "Trustee"). The terms of the Notes include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "TIA"). Copies of the form of the Indenture, and the Registration Rights Agreement (the "Registration Rights Agreement") entered into as of June 24, 1996 between the Company and the Managers, are filed as exhibits to the Registration Statement of which this Prospectus forms a part. The following summary of the Notes does not purport to be complete and is qualified in its entirety by reference to the Notes, the Indenture and the Registration Rights Agreement, including the definitions therein of certain terms not otherwise defined in this Prospectus.

#### GENERAL

In June 1996, the Company issued an aggregate principal amount of U.S. \$325,000,000 of its 4 1/2% Convertible Notes due 2000 pursuant to exemptions from the Securities Act.

The Notes are general unsecured obligations of the Company which rank *pari passu* with the Company's other unsecured indebtedness and liabilities, including trade payables. The Notes mature on July 1, 2000, unless earlier redeemed at the option of the Company, repurchased by the Company at the option of the Holder upon a Change in Control or converted into Common Stock at the option of the Holder. The Notes bear interest from June 24, 1996 at the annual rate of 4 1/2%. Interest is payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing on January 1, 1997.

The Notes are convertible into Common Stock initially at the conversion price of \$50.00 per share, subject to adjustment upon the occurrence of certain events described under "--Conversion Rights," at any time prior to maturity (subject to prior redemption or repurchase). The right to convert a Note called for redemption will terminate at the close of business on the fifth business day immediately preceding the redemption date for such Note. A Note for which a Holder has delivered a Change in Control Purchase Notice (as defined herein) exercising the option of such Holder to require the Company to repurchase such Note may be converted only if such notice is withdrawn by a written notice of withdrawal delivered by the Holder to the Paying Agent prior to the close of business on the second trading day preceding the Change in Control Repurchase Date (as defined herein) in accordance with the Indenture. See "--Delivery and Form of Notes."

The Notes are redeemable (i) in the event of certain developments involving U.S. withholding taxes or certification requirements as described below under "--Redemption--Redemption for Taxation Reasons," at a redemption price of 100% of the principal amount of the Notes to be redeemed, plus accrued interest to the redemption date and any Additional Amounts (as described below under "--Payment of Additional Amounts") and (ii) at the option of the Company, on or after July 1, 1998, in whole or in part, at the redemption prices set forth below under "--Redemption--Optional Redemption by the Company," plus accrued and unpaid interest up to but not including the redemption date; provided, however, that until July 1, 1999, the Notes cannot be redeemed at the option of the Company unless the closing sale price of the Company's Common Stock equals or exceeds 150% of the then existing Conversion Price (as defined herein) per share for at least 15 out of 30 consecutive Trading Days ending within 20 days before the notice of redemption is first mailed.

Beneficial interests in the Notes issued and sold otherwise than in reliance on Regulation S trade in the Same Day Funds Settlement System of The Depository Trust Company ("DTC") and beneficial interests in the Notes issued and sold in reliance on Regulation S trade through the facilities of CEDEL and Euroclear and secondary market transactions in such interests are effected pursuant to conventional Eurobond practice.

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The terms of the Notes include those stated in the Indenture, those stated in the Registration Rights Agreement, and those provisions required by, or made a part of the Indenture by reference to, the TIA.

The Indenture and the Registration Rights Agreement are governed by and construed under the laws of the State of New York, United States of America.

#### DELIVERY AND FORM OF NOTES

Notes currently held by "qualified institutional buyers" as defined in Rule 144A under the Securities Act or by persons who are not U.S. persons who acquired such Notes in "offshore transactions" in reliance on Regulation S under the Securities Act ("Non-U.S. Persons") are currently evidenced by restricted global notes (the "Restricted Global Notes") which were deposited with, or on behalf of, DTC and registered in the name of Cede and Co. ("Cede"), as DTC's nominee.

Notes sold to institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) were issued in definitive form.

Notes sold in offshore transactions pursuant to Regulation S are currently evidenced by Bearer Notes in denominations of U.S. \$5,000, with coupons attached or by interests in the Restricted Global Notes. Each Bearer Note and coupon carries the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in that legend provide that a U.S. person who holds such Bearer Notes, with certain exceptions, will not be entitled to deduct any loss on the Bearer Notes and will not be entitled to any capital gains treatment that might otherwise be applicable to any gain on any sale, exchange, redemption or other disposition of the Bearer Notes.

Any purchaser (a "Public Holder") of Offered Notes pursuant to this Prospectus will receive a beneficial interest in an unrestricted global note (the "Public Global Note") which will be deposited with, or on behalf of, DTC and registered in the name of Cede, as DTC's nominee. Except as set forth below, the record ownership of the Public Global Note may be transferred in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee.

A Public Holder may hold its interest in the Public Global Note directly through DTC if such Public Holder is a participant in DTC, or indirectly

through organizations which are participants in DTC (the "Participants"). Transfers between Participants are effected in the ordinary way in accordance with DTC rules and will be settled in same day funds.

Public Holders who are not Participants may beneficially own interests in the Public Global Note held by DTC only through Participants or certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants"). So long as Cede, as the nominee of DTC, is the registered owner of the Public Global Note, Cede for all purposes is considered the sole holder of the Public Global Note. Owners of beneficial interests in the Public Global Note are entitled to have certificates registered in their names and to receive physical delivery of certificates in definitive form. The laws of some states require that certain persons take physical delivery of securities in definitive form.

Payment of interest on and the redemption or repurchase price of the Public Global Note will be made to Cede, the nominee for DTC, as the registered owner of the Public Global Note, by wire transfer of immediately available funds on each Interest Payment Date, each redemption date and each repurchase date, as applicable. Neither the Company, the Trustee nor any Paying Agent has any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Public Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

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The Company has been informed by DTC, that, with respect to any payment of interest on or the redemption or repurchase price of the Public Global Note, DTC's practice is to credit Participants' accounts on the payment date, redemption date or repurchase date, as applicable, therefor with payments in amounts proportionate to their respective beneficial interests in the principal amount represented by the Public Global Note as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to owners of beneficial interests in the principal amount represented by the Public Global Note held through such Participants are the responsibility of such Participants, as is now the case with securities held for the accounts of customers registered in street name.

Because DTC can only act on behalf of Participants, who in turn act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in the principal amount represented by the Public Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate evidencing such interest.

Neither the Company nor the Trustee (or any registrar, Paying Agent or conversion agent under the Indenture) will have any responsibility for the performance of DTC, or its Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations. DTC has advised the Company that it will take any action permitted to be taken by a Public Holder of Notes (including, without limitation, the presentation of Notes for exchange as described below) only at the direction of one or more Participants to whose account with DTC interests in the Public Global Note are credited and only in respect of the principal amount of the Notes represented by the Public Global Note as to which such Participant or Participants has or have given such direction.

DTC has advised the Company as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and to facilitate the clearance and settlement



of securities transactions between Participants through electronic book-entry changes to accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations. Certain of such Participants (or their representatives), together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with a Participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Public Global Note among Participants, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. If DTC is at any time unwilling or unable to continue as depository and a successor depository is not appointed by the Company within 90 days, the Company will cause the Notes to be issued in definitive form in exchange for the Public Global Note. In addition, Public Holders may request that certificated Notes be issued in exchange for Registered Notes represented by the Public Global Note.

#### CONVERSION RIGHTS

The Holder of any Note has the right, at the Holder's option, to convert, with respect to a Note represented by the Public Global Note or other registered form (the "Registered Note"), any portion of the principal amount of such Registered Note that is an integral multiple of U.S. \$1,000 or, with respect to a Bearer Note, the entire amount of such Bearer Note, into shares of Common Stock at any time prior to maturity (subject to prior redemption or repurchase) at the conversion price of \$50.00 per share, subject to adjustment as described below (the "Conversion Price"). The right to convert a Note called for redemption will terminate at the close of business on the fifth business day immediately preceding the redemption date for such Note. A Note for which a

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Holder has delivered a Change in Control Purchase Notice exercising the option of such Holder to require the Company to repurchase such Note may be converted only if such notice is withdrawn by a written notice of withdrawal delivered by the Holder to the Paying Agent prior to the close of business on the second trading day preceding the Change in Control Repurchase Date in accordance with the Indenture.

The right of conversion attaching to any Note may be exercised by the Holder by delivering the Note at the specified office of a Conversion Agent (which in the case of a Bearer Note will only be the office of any Conversion Agent (as defined in the Indenture) outside the United States (see "--Payment and Conversion")), accompanied by a duly signed and completed notice of conversion. The conversion date will be the date on which the Note and the duly signed and completed notice of conversion are so delivered. As promptly as practicable on or after the conversion date, the Company will issue and deliver to the Trustee a certificate or certificates for the number of full shares of Common Stock issuable upon conversion, together with a cash payment in lieu of any fraction of a share. Such certificate will be sent by the Trustee to the appropriate Conversion Agent for delivery to the Holder. Each Bearer Note delivered for conversion must be delivered with all coupons maturing after the date of conversion except in the case of Notes called for redemption during the period from the Record Date to and including the five days after the next succeeding Interest Payment Date, the single coupon maturing on such succeeding Interest Payment Date. Coupons maturing on or before the date of conversion and not in default are payable against surrender thereof, and matured coupons previously surrendered but in default will continue to be payable, as set forth in the Indenture, notwithstanding the exercise of the right of conversion by the Holder of the Note to which the coupons appertain, but coupons payable after the date of conversion will not be paid except in the case of Notes called for redemption during the period from the Record Date to and including the five days after the next succeeding Interest Payment Date, the single coupon maturing on such succeeding Interest Payment Date. Any Registered Note surrendered for conversion during the period

from the close of business on any Record Date (as defined herein) to the opening of business on the next succeeding Interest Payment Date (other than Notes called for redemption during the period from the Record Date to and including the fifth day after the next succeeding Interest Payment Date) must be accompanied by payment of an amount equal to the interest payable on such Interest Payment Date on the principal amount of Registered Notes being surrendered for conversion. In the case of any Registered Note which has been converted after any Record Date but before the next Interest Payment Date, the interest payable on such Interest Payment Date shall be paid to the Holder of such Registered Note on such Record Date. As a result, Holders that surrender Notes for conversion on a date that is not an Interest Payment Date do not receive any interest for the period from the Interest Payment Date next preceding the date of conversion to the date of conversion or for any later period, except for the Notes which are called for redemption between a Record Date and the fifth day after the Interest Payment Date to which it relates. In all cases the Holders receive the interest payment due on July 1, 1998 even if they surrender securities for conversion as a result of the Company's exercise of its right to redeem securities on or after July 1, 1998. No other payment or adjustment for interest, or for any dividends in respect of Common Stock, will be made upon conversion. Holders of Common Stock issued upon conversion are not entitled to receive any dividends payable to holders of Common Stock as of any record time before the close of business on the conversion date. No fractional shares will be issued upon conversion but, in lieu thereof, an appropriate amount will be paid in cash by the Company based on the market price of Common Stock at the close of business on the day of conversion.

A Holder delivering a Note for conversion is not required to pay any taxes or duties in respect of the issue or delivery of Common Stock on conversion but is required to pay any tax or duty which may be payable in respect of any transfer involved in the issue or delivery of the Common Stock in a name other than that of the Holder of the Note. Certificates representing shares of Common Stock will not be issued or delivered unless all taxes and duties, if any, payable by the Holder have been paid.

The Conversion Price is subject to adjustment upon the occurrence of certain events, including (i) the issuance of shares of Common Stock as a dividend or distribution on any class of capital stock of the Company, (ii) the subdivision, combination or reclassification of the outstanding Common Stock, (iii) the issuance to all holders of Common Stock of rights, options or warrants to subscribe for or purchase Common Stock at a price

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per share less than the then current market price per share, (iv) the distribution to all holders of Common Stock of shares of capital stock of the Company, evidences of indebtedness, cash or assets (including securities but excluding any rights, warrants or options referred to in (iii) above, any dividend or distribution paid solely in cash, dividends or distributions referred to in (i) above and certain mergers and consolidations), (v) certain tender offers, and (vi) the distribution to all holders of Common Stock of cash (excluding cash issued in certain mergers and consolidations) in an aggregate amount that, together with all other cash distributions and cash plus the fair market value of consideration paid for certain tender offers to all holders of Common Stock made within the preceding 12 months not triggering a Conversion Price adjustment, exceeds an amount equal to 20% of the Company's market capitalization. In the event of a distribution pro rata to holders of Common Stock of rights or warrants to subscribe for additional shares of the Company's capital stock (other than those referred to in (iii) above), the Company shall make proper provisions so that each Holder who converts a Note (or any portion thereof) after the Record Date for such distribution and prior to the expiration or redemption of such rights shall be entitled to receive upon such conversion, in addition to the shares of Common Stock issuable upon conversion, an appropriate number of such rights and if such rights are later redeemed, invalidated or terminated, then a corresponding reversing adjustment shall be made. No adjustment of the Conversion Price is required to be made until the cumulative adjustments require an increase or decrease of at least 1% in the Conversion Price as last adjusted. The Company reserves the right to make such reductions in the Conversion Price in addition to those required in

the foregoing provisions as it considers to be advisable in order to avoid or diminish any income tax to any holder of shares of Common Stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such for income tax purposes. Notices of any adjustments to the Conversion Price pursuant to this paragraph will be given by publication in Authorized Newspapers (as set forth in the Indenture) in London and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, in Luxembourg or, if publication in either London or Luxembourg is not practical, elsewhere in western Europe.

Subject to any applicable right of the Holders upon a Change in Control and certain limitations imposed in the Indenture, if the Company consolidates with or merges into another person, or another person merges into the Company (other than a merger which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock) or sells or transfers all or substantially all of the Company's assets, the Holders of Notes will have the right thereafter, during the period such Notes are convertible, to convert the Notes only into the kind and amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer by a holder of the number of shares of Common Stock into which the Notes might have been converted immediately prior to such consolidation, merger, sale or transfer.

If at any time the Company makes a distribution of property to its shareholders which would be taxable to such shareholders as a dividend for federal income tax purposes (e.g., distributions of evidences of indebtedness or assets of the Company, but generally not stock dividends on Common Stock or rights to subscribe for Common Stock) and, pursuant to the anti-dilution provisions of the Indenture, the number of shares into which Notes are convertible is increased, such increase may be deemed for federal income tax purposes to be the payment of a taxable dividend to Holders of Notes.

REDEMPTION

Optional Redemption by the Company

Except as described under "--Redemption for Taxation Reasons" below, the Notes may not be redeemed at the option of the Company prior to July 1, 1998. Thereafter, the Notes may be redeemed at the option of the Company, in whole or in part, upon not less than 20 nor more than 60 days' notice by mail as provided under "--Notices" below, provided that until July 1, 1999, the Notes cannot be redeemed at the option of the Company unless the closing sale price of the Company's Common Stock equals or exceeds 150% of the then existing Conversion Price per share for at least 15 out of 30 consecutive Trading Days ending within 20 days before the notice of redemption is first mailed.

The redemption prices (expressed as a percentage of principal amount) are as follows for the 12-month period beginning on July 1 of the following years:

<TABLE>  
<CAPTION>

YEAR	REDEMPTION PRICE
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<S>	<C>
1998.....	102.250%
1999.....	101.125%

</TABLE>

in each case together with accrued and unpaid interest up to but not including the date of redemption.

Redemption for Taxation Reasons

If the Company has or will become obligated to pay Additional Amounts as a

result of any change in, or amendment to, the laws (including any regulations or rulings promulgated thereunder) of the United States or any political subdivision or taxing authority thereof or therein affecting taxation, or any change in, or amendment to, the application or official interpretation of such laws, regulations or rulings (any such change or amendment being herein referred to as a "Tax Law Change"), and such obligation cannot be avoided by the Company taking reasonable measures available to it, the Notes held by Non-United States Holders to whom such Additional Amounts have or will become payable (the "Tax Affected Notes") may be redeemed at the option of the Company, in whole but not in part. Such redemption of Tax Affected Notes shall be upon not less than 20 nor more than 60 days' prior notice as provided under "--Notices" below, at a redemption price equal to 100% of the principal amount of the Tax Affected Notes, plus accrued interest to the redemption date and any Additional Amounts then payable; provided, however, that (i) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obligated to pay any such Additional Amounts were a payment in respect of the Tax Affected Notes then due and (ii) at the time such notice of redemption is given, the obligation to pay such Additional Amounts remains in effect. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Trustee (i) a certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred and (ii) an opinion of counsel selected by the Company to the effect that the Company has or will become obligated to pay such Additional Amounts as a result of a Tax Law Change. The Company's right to redeem the Tax Affected Notes shall continue as long as the Company is obligated to pay such Additional Amounts, notwithstanding that the Company shall have theretofore made payments of Additional Amounts.

In addition, if the Company determines, based upon a written opinion of counsel selected by the Company, that, as a result of a Tax Law Change, any payment made outside the United States by the Company or any of its Paying Agents of the full amount of principal, premium, if any, or interest due with respect to any Bearer Note or coupon appertaining thereto would be subject to any certification, identification or other information reporting requirement of any kind, the effect of which is the disclosure to the Company, any Paying Agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Bearer Note or coupon who is not a U.S. person (as defined below under "--Payment of Additional Amounts") (other than such a requirement (i) which would not be applicable to a payment made by the Company or any one of its Paying Agents (a) directly to the beneficial owner or (b) to any custodian, nominee or other agent of the beneficial owner, (ii) which can be satisfied by the custodian, nominee or other agent certifying that the beneficial owner is not a U.S. person, provided that in each case referred to in clauses (i)(b) and (ii) payment by such custodian, nominee or other agent to such beneficial owner is not otherwise subject to any such requirement, or (iii) which would not be applicable but for the fact that a Bearer Note constitutes a "United States real property interest," as defined in Section 897(c)(1) of the Code, with respect to the beneficial owner of such Bearer Note), the Company at its election will either (x) redeem the Bearer Notes, as a whole but not in part, upon not less than 20 nor more than 60 days' notice prior to the redemption date, at a redemption price equal to 100%, of the principal amount thereof, plus accrued interest to the redemption date, or (y) if and so long as the conditions of the third paragraph under "--Payment of Additional Amounts" are satisfied, pay the additional amounts specified in such paragraph. The Company will make such determination and election and notify the Trustee

thereof in writing as soon as practicable, and the Trustee will promptly give notice of such determination (the "Determination Notice"), in each case stating the effective date of such certification, identification or information reporting requirement, whether the Company will redeem the Bearer Notes or will pay the additional amounts specified in the third paragraph under "--Payment of Additional Amounts" and (if applicable) the last date by which the redemption of the Bearer Notes shall take place. If the Company

elects to redeem the Bearer Notes, such redemption shall take place on a date not later than one year after publication of the Determination Notice, as the Company elects by notice in writing to the Trustee at least 75 days before that date, unless shorter notice is acceptable to the Trustee. Notwithstanding the foregoing, the Company shall not be required to so redeem the Bearer Notes if the Company, based upon a written opinion of counsel selected by the Company, which counsel shall be reasonably acceptable to the Trustee, subsequently determines, not less than 30 days prior to the Redemption Date, that subsequent payments would not be subject to any such requirement, in which case the Company will notify the Trustee in writing of its determination not to so redeem the Bearer Notes, and the Trustee will promptly give notice to the Holders of the Bearer Notes of that determination and any earlier redemption notice will thereupon be revoked and of no further effect. If the Company elects as provided in clause (y) above to pay Additional Amounts, the Company may redeem all the Bearer Notes, at any time, in whole but not in part, upon not less than 20 nor more than 60 days' notice prior to the redemption date, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date and any Additional Amounts then payable.

#### REPURCHASE AT THE OPTION OF HOLDERS UPON A CHANGE IN CONTROL

In the event of a Change in Control, each Holder has the option, subject to the terms and conditions of the Indenture, to require the Company to repurchase any number of such Holder's whole Bearer Notes, or any portion (provided that the principal amount must be \$1,000 or an integral multiple thereof) of such Holder's Registered Notes on the date that is the 30th day after the giving of notice to Holders of such Change in Control (the "Change in Control Purchase Date") for a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest up to but not including the Change in Control Purchase Date.

Within 30 days after the occurrence of a Change in Control, the Company shall mail to the Trustee and to each registered Holder and cause to be published a written notice as provided under "--Notices" below, of the Change in Control, setting forth, among other things, the terms and conditions of, and the procedures required for exercise of, the Holder's right to require the repurchase of such Holder's Notes.

To exercise the repurchase right upon a Change in Control, a Holder must deliver written notice of such exercise to the Paying Agent at any time prior to the Change in Control Purchase Date, specifying the Notes with respect to which the purchase right is being exercised. Such notice of exercise is irrevocable except that the right of the Holder to convert such Notes shall continue until the close of business on the second trading day preceding the Change in Control Purchase Date.

A Change in Control shall be deemed to have occurred if any of the following occur:

(i) 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 transactions of shares of capital stock of the Company entitling such Person to exercise 50% or more of the total voting power of all shares of capital stock of the Company entitling the holders thereof to vote generally in elections of directors; or

(ii) any consolidation of the Company with, or merger of the Company into, any other Person, any merger of another Person into the Company, or any sale or transfer of all or substantially all of the assets of the Company to another Person (other than a merger that (x) does not result in a material reclassification, conversion, exchange, or cancellation of outstanding shares of capital stock, (y) is effected solely to change the jurisdiction of incorporation of the Company and results in a reclassification, conversion, or exchange of outstanding shares of Common Stock solely into shares of common stock, or (z) does not result in a substantial (i.e., over 50%) change in the beneficial ownership of the

provided, however, that a Change in Control shall not be deemed to have occurred if (a) the closing price per share of the Common Stock for each of any five trading days within the period of ten consecutive trading days ending immediately after the later of the Change in Control or the public announcement of the Change in Control (in case of a Change in Control under clause (i) above) or ending immediately before the effective date of the Change in Control (in the case of a change in control under clause (ii) above) shall equal or exceed 105% of the Conversion Price in effect on such trading day, or (b) at least 90% of the consideration (excluding cash payments for fractional shares) to be paid for the Common Stock in the transaction or transactions constituting the Change in Control consists of shares of common stock traded on a national securities exchange or quoted on the Nasdaq National Market, and, as a result of such transaction or transactions, the Notes become convertible solely into such common stock.

"Beneficial ownership" shall be determined in accordance with Rule 13d-3 promulgated by the Commission under the Exchange Act, as in effect on June 24, 1996.

The Company will comply with the provisions of Rule 13e-4 and Rule 14e-1 under the Exchange Act, will file Schedule 13E-4 or any successor or similar schedule required thereunder, and will otherwise comply with all federal and state securities laws in connection with any offer by the Company to purchase Notes at the option of the Holders upon a Change in Control.

The Change in Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a takeover of the Company and the removal of incumbent management. The Company is not aware of any specific effort to accumulate shares of Common Stock or to obtain control of the Company by means of a merger, tender offer, solicitation, or otherwise, nor is the Change in Control purchase feature part of a plan by management to adopt a series of anti-takeover provisions. Instead, the Change in Control purchase feature is a result of negotiations between the Company and the Managers.

Depending on the terms of the transaction, a future highly leveraged transaction, reorganization, restructuring, merger, or similar transaction involving the Company's present management or directors could constitute a Change in Control. Neither the Company nor its current management has any present intention to engage in a transaction involving a Change in Control, although it is possible that the Company or its management may decide to do so in the future.

Subject to the limitation on mergers and consolidations discussed below, the Company could, in the future, enter into certain transactions, including certain recapitalizations, the sale of all or substantially all of its assets, or the liquidation of the Company, that would not constitute a Change in Control under the Indenture.

If a Change in Control were to occur, there can be no assurance that the Company would have sufficient funds to pay the purchase price for all Notes tendered by the Holders thereof. Contractual restrictions on the ability of the Company to purchase Notes upon a Change in Control could prevent the Company from utilizing its funds which could result in an Event of Default. In addition, the right to require the Company to repurchase Notes as a result of the occurrence of a Change in Control could create an event of default under other indebtedness of the Company. The terms of future indebtedness could require that such indebtedness be repaid upon the occurrence of a Change in Control. Failure by the Company to repurchase the Notes when required will result in an Event of Default with respect to the Notes.

#### STRUCTURAL SUBORDINATION OF NOTES

The Notes are general unsecured obligations of the Company which rank pari passu with the Company's other unsecured indebtedness and general liabilities,

including trade payables. The Notes have not been guaranteed by and do not constitute an obligation of any of the Company's subsidiaries. Since the Company is a holding company which conducts substantially all of its operations through its operating subsidiaries, including CEX Holdings, the Notes are effectively subordinated to all of the obligations and liabilities of the Company's subsidiaries, including the secured and unsecured indebtedness of such subsidiaries. The Company's ability to

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pay the interest and principal obligations under the Notes is dependent upon (i) the Company's use of the proceeds received from the initial offering of the Notes in a manner which is not prohibited or restricted under any agreement or instrument to which the Company or any of its subsidiaries (including CEX Holdings) is currently, or subsequently becomes, a party, (ii) the use of proceeds received from subsequent financing transactions, or (iii) the receipt of funds from the Company's subsidiaries, whether from dividends, distributions, the repayment of loans made by the Company to such subsidiaries or other payments from such subsidiaries. Certain agreements or instruments to which CEX Holdings is currently a party prohibit or restrict (and other agreements or instruments to which CEX Holdings or its operating subsidiaries are currently parties may prohibit or restrict) CEX Holdings' or its operating subsidiaries' ability to borrow funds and limit their right, based upon the amount of cash flows and certain other factors, to make dividend payments, distributions, loan repayments or other payments to the Company, causing the Notes to be effectively subordinated to all of such subsidiaries' obligations, including all unsecured indebtedness and general liabilities of such subsidiaries.

Specifically, CEX Holdings is currently a party to a credit facility (the "Subsidiary Credit Facility") which prohibits the payment of dividends by CEX Holdings to the Company except that, so long as no Default or Unmatured Default (as defined in the Subsidiary Credit Facility) is pending before or after giving effect to the declaration or payment of such dividends, CEX Holdings may declare and pay dividends on its common stock to the Company in amounts necessary to enable the Company to make interest payments when due with respect to the Notes and other Indebtedness (as defined in the Subsidiary Credit Facility) of the Company, pay declared dividends on the Common Stock and pay administrative costs and expenses of the Company. CEX Holdings is also a party to an indenture relating to certain 9 1/8% Senior Subordinated Notes, which indenture limits borrowings by CEX Holdings from the Company and restricts the payment of dividends and certain other payments by CEX Holdings to the Company, thereby limiting the funds available to the Company to make payments of principal and interest on the Notes.

Neither the Indenture nor the Notes limit the Company's or any subsidiary's right to incur secured or unsecured indebtedness. While the Company has no indebtedness which was senior to the Notes as of November 30, 1996, the indebtedness of the Company's subsidiaries as of that date included approximately \$90.0 million of principal due under certain 9 1/8% Senior Subordinated Notes due 2003, approximately \$71.6 million due under revolving lines of credit worldwide and approximately \$42.1 million in other liabilities. To the extent the Notes are not converted prior to maturity, the Company may not have sufficient funds, be able to raise additional capital through additional financing transactions, or receive sufficient funds from its subsidiaries to satisfy its obligations under the Notes.

The Company primarily conducts its operations through the operating subsidiaries of CEX Holdings and other subsidiaries, and presently expects that its future operating activities will be similarly structured to involve operating subsidiaries. The rights of the Company and its creditors, including Holders of the Notes, to participate in the assets of any subsidiary, partnership or other joint venture in which the Company has interests upon any liquidation or reorganization of any such entity or otherwise will be effectively subordinated to and subject to the prior claims of creditors of such entity, except to the extent that the Company may itself be a creditor with recognized claims against such entity, in which case the claims of the Company would still be subordinated to any holder of a security interest in

the assets of such entity and any other indebtedness of such entity senior to that held by the Company. The ability of the Company to pay principal of and premium, if any, and interest on the Notes or any coupon (including, without limitation, the payment of the redemption price or repurchase price with respect to the Notes) will be dependent upon the Company having or obtaining sufficient funds, whether by consummating additional financing transactions or receiving such funds from its subsidiaries and the partnerships and ventures in which it participates by way of dividends, distributions, the repayment of loans or otherwise.

#### PAYMENT AND CONVERSION

Bearer Notes and coupons are payable in U.S. dollars against surrender thereof, subject to any applicable laws and regulations, at such paying agencies outside the United States as the Company may appoint from time to time and, at the option of the Holder, such payment will be made by dollar check drawn on a bank in

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New York City or by transfer to a dollar account (such transfer to be made only to Holders of an aggregate principal amount of Notes in excess of U.S. \$5,000,000) maintained by the payee with a bank outside the United States. It is the responsibility of the payee to establish and maintain such a dollar account. No payment with respect to any Bearer Note or coupon will be made at the Corporate Trust Office of the Trustee or any other Paying Agent maintained by the Company in the United States, or will any payment be made by transfer to an account, or by mail to an address, in the United States. Notwithstanding the foregoing, payments with respect to Bearer Notes and coupons may be made at an office or agency of the Corporate Trust Office of the Trustee in the City of New York, if payment at all Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions.

The principal of Registered Notes are payable in U.S. dollars, against surrender thereof at the Corporate Trust Office of the Trustee in the City of New York, or, subject to any applicable laws and regulations, at the office of any Paying Agent, by dollar check drawn on, or by transfer to a dollar account (such transfer to be made only to Holders of an aggregate principal amount of Registered Notes in excess of U.S. \$5,000,000) maintained by the Holder with a bank in New York City. Payment of any installment of interest on Registered Notes will be made to the person in whose name such Note (or any predecessor Note) is registered at the close of business on the June 15 or December 15 (whether or not a Business Day) immediately preceding the relevant Interest Payment Date (a "Record Date"). Payments of such interest will be made by a dollar check drawn on a bank in New York City mailed to the Holder at such Holder's registered address or, upon application by the Holder thereof to the Trustee not later than the applicable Record Date, by transfer to a dollar account (such transfer to be made only to Holders of an aggregate principal amount of Registered Notes in excess of U.S. \$5,000,000) maintained by the Holder with a bank in New York City. No transfer to a dollar account will be made unless the Trustee has received written wire instructions not less than 15 days prior to the relevant payment date.

Any payment on the Notes due on any day which is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on such due date, and no interest shall accrue on such payment for the period from and after such date. "Business Day," when used with respect to any place of payment, place of conversion or any other place, as the case may be, means each Monday, Tuesday, Wednesday, Thursday or Friday which is not a day on which banking institutions in such place of payment, place of conversion or other place, as the case may be, are authorized or obligated by law or executive order to close; provided, however, that a day on which banking institutions in New York City, New York or London, England are authorized or obligated by law or executive order to close shall not be a Business Day for certain purposes.

Notes may be surrendered for conversion, subject to any applicable laws and



regulations, at the office of any Conversion Agent outside the United States. In addition, Registered Notes may be surrendered for conversion at the Corporate Trust Office of the Trustee in the City of New York, and, if conversion at the offices of all Conversion Agents outside the United States is illegal or effectively precluded by exchange controls or similar restrictions, Bearer Notes may be surrendered for conversion at such Corporate Trust Office. Notes surrendered for conversion must be accompanied by appropriate notices, any unmatured coupons and any payments in respect of interest or taxes, as applicable, as described above under "--Conversion Rights."

The Company has initially appointed as Paying Agents and Conversion Agents the Bankers Trust Company and Bankers Trust Luxembourg. The Company may at any time terminate the appointment of any Paying Agent or Conversion Agent and appoint additional or other Paying Agents and Conversion Agents, provided that until the Notes have been delivered to the Trustee for cancellation, or moneys sufficient to pay the principal of, premium, if any, and interest on the Notes have been made available for payment and either paid or returned to the Company as provided in the Indenture, the Company agrees to maintain an office or agency in the City of New York for surrender of Notes for conversion (but only in the circumstances described in the second sentence of the immediately preceding paragraph, and not otherwise, with respect to Bearer Notes), and in a Western European city (which, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the

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Luxembourg Stock Exchange shall so require, will be Luxembourg) for payments with respect to the Notes and for the surrender of Notes for conversion. Notice of any such termination or appointment and of any change in the office through which any Paying Agent or Conversion Agent will act will be given in accordance with "Notices" below.

Bearer Notes must be presented for payment upon redemption or repurchase together with all unmatured coupons, failing which the amount of any missing unmatured coupons will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner described in the first paragraph under this heading against surrender of the related missing coupon. Interest payable on any Bearer Notes on any redemption date or repurchase date which is an Interest Payment Date will be paid to the Holders of record as of the immediately preceding Record Date.

All moneys deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of principal of, premium, if any, or interest on any Notes which remain unclaimed at the end of two years after such payment has become due and payable will be repaid to the Company, and the Holder of such Note or any coupon appertaining thereto will thereafter look only to the Company for payment thereof.

#### PAYMENT OF ADDITIONAL AMOUNTS

The Company will pay to the Holder of any Note or any coupon appertaining thereto who is not a U.S. person such additional amounts ("Additional Amounts") as may be necessary in order that every net payment of the principal of, premium if any, and interest on such Note, after deduction or withholding for or on account of any present or future tax, assessment or governmental charge imposed upon or as a result of such payment by the United States or any political subdivision or taxing authority thereof or therein, will not be less than the amount provided for in such Note or in such coupon to be then due and payable; provided, however, that the foregoing obligation to pay Additional Amounts will not apply to:

(i) any tax, assessment or other governmental charge which would not have been so imposed but for (a) the existence of any present or former connection between such Holder (or between a fiduciary, settlor, beneficiary, member, shareholder of or possessor of a power over such Holder, if such Holder is an estate, a trust, a partnership or a corporation) and the United States or any political subdivision or taxing

authority thereof or therein, including, without limitation, such Holder (or such fiduciary, settlor, beneficiary, member, shareholder of or possessor) being or having been a citizen or resident of the United States or treated as a resident thereof, or being or having been engaged in trade or business or present therein, or having or having had a permanent establishment therein, or (b) such Holder's present or former status as a personal holding company, a foreign personal holding company with respect to the United States, a controlled foreign corporation, a passive foreign investment company, or a foreign private foundation or foreign tax exempt entity for United States tax purposes, or a corporation which accumulates earnings to avoid United States federal income tax;

(ii) any tax, assessment or other governmental charge which would not have been so imposed but for the presentation by the Holder of such Notes or any coupon appertaining thereto for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(iii) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or governmental charge;

(iv) any tax, assessment, or other governmental charge which would not have been imposed but for the failure to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of such Note or any coupon appertaining thereto, if compliance is required by statute or by regulation or by ruling of the United States Treasury Department as a precondition to exemption from such tax, assessment or other governmental charge;

(v) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, premium, if any, or interest on such Note;

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(vi) any tax, assessment or other governmental charge imposed as a result of a person's past or present actual or constructive ownership (including by virtue of the right to convert Notes) of 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote;

(vii) any tax, assessment or other governmental charge required to be withheld by any Paying Agent from any payment of the principal of, premium, if any, or interest on any Note, if such payment can be made without such withholding by any other Paying Agent in Western Europe;

(viii) any tax, assessment or other governmental charge imposed on a Holder that is a partnership or a fiduciary, but only to the extent that any beneficial owner or member of the partnership or beneficiary or settlor with respect to the fiduciary would not have been entitled to the payment of Additional Amounts had the beneficial owner, member, beneficiary or settlor directly received its beneficial or distributive share of payments on the Note;

(ix) any tax, assessment or other governmental charge which would not have been imposed but for the fact that such Note constitutes a "United States real property interest" as defined in Section 897 of the Code and the regulations thereunder with respect to the beneficial owner of such Note; or

(x) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), and (ix).

For purposes of this Prospectus, "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction and a "U.S. person" is a person that is, for United States federal income tax purposes,

(i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof or (iii) an estate or trust the income of which is subject to United States federal income taxation regardless of source.

Notwithstanding the foregoing, if and so long as a certification, identification, or other information reporting requirement referred to in the second paragraph under "--Redemption--Redemption for Taxation Reasons" above would be fully satisfied by payment of a backup withholding tax or similar charge, the Company may elect, by so stating in the Determination Notice, to have the provisions of this paragraph apply in lieu of redeeming the Bearer Notes pursuant to such second paragraph. In such event, the Company will pay as additional amounts such amounts as may be necessary so that every net payment made, following the effective date of such requirements, outside the United States by the Company or any Paying Agent of principal of, and premium, if any, due in respect of any Bearer Note, or interest represented by any coupon, the beneficial owner of which is not a U.S. person (but without any requirement that the nationality, residence or identity of such beneficial owner be disclosed to the Company, any Paying Agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge, other than a backup withholding tax or similar charge which is (i) the result of a certification, identification or information reporting requirement described in the first parenthetical clause of such second paragraph, (ii) imposed as a result of the fact that the Company or any Paying Agent has actual knowledge that the beneficial owner of such Bearer Note or coupon is within the category of persons described in clause (i) of the first paragraph under this heading or (iii) imposed as a result of presentation of such Bearer Note or coupon for payment more than 15 days after the date on which such payment becomes due and payable or on which payment thereof is duly provided for, whichever occurs later, will not be less than the amount provided for in such Bearer Note or coupon to be then due and payable.

#### EVENTS OF DEFAULT; NOTICE AND WAIVER

If an Event of Default (other than an Event of Default resulting from bankruptcy, insolvency, or reorganization) occurs and is continuing, the Trustee, or the Holders of not less than 25% in outstanding principal amount of the Notes may, by notice to the Company (and to the Trustee if given by the Holders), declare all unpaid principal of and accrued interest to the date of acceleration on the Notes then outstanding to be due and payable immediately. If an Event of Default resulting from certain events of bankruptcy, insolvency, or reorganization shall occur, all unpaid principal of and accrued interest on the Notes then outstanding shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

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The Indenture provides that the Holders of a majority in principal amount of the Notes may on behalf of all Holders waive any past default, except a default in the payment of principal of, premium, if any, or interest on the Notes or any default in respect of any provision of the Indenture that cannot be modified or amended without the consent of the Holder of each Note affected.

Other than granting Holders the option to require the Company to purchase all or part of their Notes upon the occurrence of a Change in Control as described in "Repurchase at the Option of Holders upon a Change in Control," the Indenture does not contain any covenants or other provisions designed to afford Holders protection in the event of takeovers, recapitalizations, highly leveraged transactions, or similar restructurings involving the Company.

The following are Events of Default under the Indenture: (i) failure of the Company to pay interest on the Notes for 30 days after the same is due or failure to pay all or any part of the principal or repurchase price when due; (ii) failure of the Company to comply with any of its other agreements

contained in the Notes or the Indenture for 30 days after receipt of notice of such failure; (iii) default by the Company or any Material Subsidiary of the Company with respect to its obligation to pay principal of, premium, if any, or interest on certain other indebtedness aggregating more than \$30,000,000, or the acceleration of such indebtedness under the terms of the instruments evidencing such indebtedness, which has not been withdrawn within 30 days from the date of such default; and (iv) certain events of bankruptcy or insolvency, including without limitation appointment of a Custodian (as defined in the Indenture) of the Company's property or liquidation of the Company or any Material Subsidiary.

The Trustee shall, within 90 days after the occurrence of any default known to it, give to the Holders notice, as provided under "--Notices" below, of such default; provided that, except in the case of a default in the payment of principal of, premium, if any, or interest on any of the Notes, the Trustee may withhold such notice if it in good faith determines that the withholding of such notice is in the interests of the Holders.

No Holder may pursue any remedy under the Indenture against the Company (except actions for payment of overdue principal or interest or for the conversion of the Notes), unless (i) the Holder gives to the Trustee written notice of a continuing Event of Default, (ii) the Holders of at least 25% in principal amount of the outstanding Notes make a written request to the Trustee to pursue the remedy, (iii) such Holder or Holders offer reasonable indemnity to the Trustee against any loss, liability, or expense, (iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity, and (v) the Trustee shall not have received a contrary direction from the Holders of at least a majority in principal amount of the outstanding Notes.

The Company must deliver an Officers' Certificate to the Trustee annually as to the signer's knowledge of the Company's compliance with all conditions and covenants on its part contained in the Indenture and stating whether or not the signer knows of any defaults. If such signer knows of such default, the Officers' Certificate shall specify the default and the nature and status thereof.

#### MEETINGS, MODIFICATION AND WAIVER

The Indenture contains provisions for convening meetings of the Holders of Notes to consider matters affecting their interests.

Modifications and amendments of the Indenture may be made, and certain past defaults by the Company may be waived, either (i) with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding or (ii) subject to the TIA, by the adoption of a resolution, at a meeting of Holders of the Notes at which a quorum is present, by the Holders of at least 66 2/3% in aggregate principal amount of the Notes represented at such meeting. However, no such modification or amendment may, without the consent of the Holder of each outstanding Note or coupon affected thereby, (a) change the Stated Maturity (as defined in the Indenture) of the principal of, or any installment of interest on, any Note or coupon,

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(b) reduce the principal amount of, or the premium, if any, or interest on, any Note or coupon, (c) reduce the amount payable upon an optional redemption or the consideration payable to any Holder converting after a notice of redemption has been given, (d) modify the provisions with respect to the repurchase right of the Holders in a manner adverse to the Holders, (e) change the obligation of the Company to pay Additional Amounts described above, (f) change the currency of payment of principal of, premium, if any, or interest on, any Note or coupon, (g) impair the right to institute suit for the enforcement of any payment on or with respect to any Note or coupon, (h) modify the obligation of the Company to maintain an office or agency in New York City and in a Western European City, (i) adversely affect the right to convert Notes, (j) reduce the above-stated percentage of outstanding Notes necessary to modify or amend the Indenture, (k) reduce the percentage of

aggregate principal amount of outstanding Notes necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults, (l) reduce the percentage in aggregate principal amount of Notes outstanding required for the adoption of a resolution or the quorum required at any meeting of Holders of Notes at which a resolution is adopted, or (m) modify the obligation of the Company to deliver information required under Rule 144A to permit resales of Notes and Common Stock issuable upon conversion thereof in the event the Company ceases to be subject to certain reporting requirements under the United States securities laws. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in aggregate principal amount of the Notes at the time outstanding and, at any reconvened meeting adjourned for lack of quorum, 25% of such aggregate principal amount.

In addition to the foregoing, the Holders of a majority in aggregate principal amount of the outstanding Notes may waive compliance by the Company with certain restrictive provisions of the Indenture. The Holders of a majority in aggregate principal amount of the outstanding Notes may waive any past default under the Indenture, except a default in the payment of principal, premium, if any, or interest.

The Company and the Trustee may amend or supplement the Indenture or the Notes without notice to or consent of any Holder in certain events, such as to comply with certain conversion adjustment, liquidation and merger provisions described in the Indenture, to provide for uncertificated Notes in addition to or in place of certificated Notes, to cure any ambiguity, defect, or inconsistency or to make any other change that does not adversely affect the rights of the Holders, to comply with the TIA, or to appoint a successor Trustee.

#### TRANSFER AND EXCHANGE

At the option of the Holder upon request confirmed in writing, and subject to the terms of the Indenture, Registered Notes are exchangeable at any time into an equal aggregate principal amount of Registered Notes of different authorized denominations. See "--Delivery and Form of Notes."

Bearer Notes may be presented for exchange at the office of any transfer agent outside the United States. Registered Notes may be presented for registration of transfer (with the form of transfer endorsed thereon duly executed) or exchange, at the office of any transfer agent or at the office of the security registrar, without service charge but, in the case of a transfer, upon payment of any taxes and other governmental charges as described in the Indenture. Any registration of transfer or exchange will be effected upon the transfer agent or the security registrar, as the case may be, being satisfied with the documents of title and identity of the person making the request, and subject to such reasonable regulations as the Company may from time to time agree upon with the transfer agents and the security registrar, all as described in the Indenture. Registered Notes may be transferred in whole or in part in authorized denominations.

The Company has initially appointed the Trustee as security registrar and transfer agent, acting through its Corporate Trust Offices in New York City for the Registered Notes, and has appointed other banks in London and Luxembourg as transfer agents. The Company reserves the right to vary or terminate the appointment of the security registrar or of any transfer agent or to appoint additional or other transfer agents or to approve any change in the office through which any security registrar or any transfer agent acts, provided that there will at all times be a security registrar in and a transfer agent in a Western European city (which, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, will be Luxembourg).

In the event of a redemption of less than all of the Notes for any of the reasons set forth above under "--Redemption," the Company will not be required (i) to register the transfer or exchange of Registered Notes or to exchange

Bearer Notes for Registered Notes for a period of 15 days immediately preceding the date notice is given identifying the serial numbers of the Notes called for such redemption, (ii) to register the transfer of or exchange of any Registered Note, or portion thereof, called for redemption, or (iii) to exchange any Bearer Note called for redemption; provided, however, that a Bearer Note called for redemption may be exchanged for a Registered Note which is simultaneously surrendered to the security registrar or transfer agent making such exchange with written instructions for conversion consistent with the provisions described under "--Conversion Rights" and "--Payment and Conversion" above.

#### TITLE

The Company, the Trustee, any Paying Agent and any Conversion Agent may treat the registered owner (as reflected in the Security Register) of any Registered Note as the absolute owner thereof (whether or not such Note shall be overdue) for the purpose of making payment and for all other purposes.

#### NOTICES

Except as set forth in the second paragraph under "--Redemption--Redemption for Taxation Reasons," redemption, repurchase and other notices will be given by publication in Authorized Newspapers (as set forth in the Indenture) in London, England and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, in Luxembourg or, if publication in either London or Luxembourg is not practical, elsewhere in Western Europe. Such publication is expected to be made in the Financial Times and the Luxemborger Wort. Notices to Holders of Registered Notes will also be given by mail to the addresses of such Holders as they appear in the Security Register. Such notices will be deemed to have been given on the date of such publication or, if published in such Authorized Newspapers on different dates, on the date of the first such publication or on the date of such mailing, as the case may be.

Notice of a redemption of Notes will be given at least once not less than 20 nor more than 60 days prior to the redemption date (which notice shall be irrevocable except as otherwise provided in the second paragraph under "--Redemption--Redemption for Taxation Reasons") and will specify the redemption date.

#### REPLACEMENT OF NOTES AND COUPONS

Notes that become mutilated, destroyed, stolen or lost will be replaced by the Company at the expense of the Holder upon delivery to the Trustee of the mutilated Notes and coupons or evidence of the loss, theft or destruction thereof satisfactory to the Company and the Trustee. In the case of a lost, stolen or destroyed Note or coupon, indemnity satisfactory to the Trustee and the Company may be required at the expense of the Holder of such Note before a replacement Note will be issued.

#### PAYMENT OF STAMP AND OTHER TAXES

The Company shall pay all stamp and other duties, if any, which may be imposed by the United States or the United Kingdom or any political subdivision thereof or taxing authority thereof or therein with respect to the issuance of the Notes. Except as described under "--Payment of Additional Amounts," the Company will not be required to make any payment with respect to any other tax, assessment or governmental charge imposed by any government or any political subdivision thereof or taxing authority therein.

#### REGISTRATION RIGHTS

This Prospectus is part of a shelf registration statement filed by the Company with the Commission (the "Shelf Registration Statement") with respect to the resale of the Offered Notes and the shares of the Common Stock issued or issuable upon conversion of the Offered Notes. The Company has agreed to keep such Shelf Registration Statement effective until three years from the latest date of original issuance of the Offered Notes or

until the Shelf Registration Statement is no longer required for transfer of the Offered Notes or the shares of the Common Stock. The Company will be required to pay liquidated damages to the holders of the Offered Notes or the Common Stock issuable upon conversion of the Offered Notes, as the case may be, under certain circumstances if the Company is not in compliance with its registration obligations.

#### SATISFACTION AND DISCHARGE

The Indenture will be discharged and canceled upon payment or conversion of all the Notes. The Company may terminate all of its obligations under the Indenture, other than its obligation to pay the principal of and interest on the Notes and certain other obligations (including its obligation to deliver shares of Common Stock upon conversion of the Notes), at any time, by depositing with the Trustee or a Paying Agent, other than the Company, an amount sufficient to pay the principal of and interest on the Notes then outstanding to maturity.

#### MERGERS AND CONSOLIDATIONS

Subject to the right of the Holders to require the Company to purchase the Notes in the event of a Change in Control, the Company may consolidate or merge with or into any other corporation, and the Company may transfer its property and assets substantially as an entirety to any person, provided (i) either the Company is the resulting or surviving corporation, or the successor corporation is a domestic corporation and the successor expressly assumes, by supplemental indenture executed and delivered to the Trustee, payment of the principal of and interest on the Notes and performance and observance of every covenant of the Indenture, and (ii) immediately before and immediately after giving effect to such transaction, no default or Event of Default shall have occurred and be continuing. Thereafter, all obligations of the Company under the Indenture and the Notes will terminate.

#### CONCERNING THE TRUSTEE

Certain limitations are imposed on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee is permitted to engage in other transactions; provided, however, if it acquires any conflicting interest (as defined) and there exists a default with respect to the Notes, it must eliminate such conflict or resign.

The Holders of a majority in principal amount of all outstanding Notes have the right to direct the time, method and place of conducting any proceeding for exercising any remedy or power available to the Trustee, provided that such direction does not conflict with any rule of law or with the Indenture, and the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

#### DESCRIPTION OF CAPITAL STOCK

##### GENERAL

The Company is authorized to issue 300,000,000 shares of common stock, par value \$.0002 per share, 25,000,000 shares of preferred stock, par value \$.0001 per share (the "Preferred Stock") and 3,000,000 shares of nonvoting common stock, par value \$.0002 per share. All outstanding shares of Common Stock are fully paid and nonassessable. As of December 16, 1996, there were 77,564,504 shares of Common Stock outstanding and no shares of Preferred Stock or nonvoting common stock outstanding.

The following summary description of the Company's capital stock does not purport to be complete and is subject to and qualified in its entirety by the description of the Company's capital stock contained in the Corporate Express Articles of Amendment and Restatement, a copy of which has been filed with the Commission. Reference is made to the Company's Articles of Amendment and Restatement, for a detailed description of the provisions summarized below.

#### COMMON STOCK

Each holder of Common Stock is entitled to one vote for each share owned of record on all matters submitted to the vote of shareholders. There are no cumulative voting rights. Accordingly, the holders of a majority of the shares voting for the election of directors can elect all the directors if they choose to do so, subject to voting rights, if any, of holders of Preferred Stock, if any, to elect directors. Subject to preferences that may be applicable to any Preferred Stock that may be issued in the future and any restrictions on payment of dividends imposed by credit facilities and other agreements which may be entered into, the holders of Common Stock will be entitled to such dividends as may be declared from time to time by the Board of Directors from funds legally available therefor and will be entitled, after payment of all prior claims, to receive, on a pro rata basis, all assets of the Company upon its liquidation, dissolution or winding up. Common Stock is not redeemable, does not have any conversion rights and is not subject to call. Holders of shares of Common Stock generally have no preemptive rights to maintain their respective percentage of ownership in future offers and sales of stock by the Company. The rights, preferences and privileges of holders of Common Stock are subject to the rights, preferences and privileges of any Preferred Stock which may be issued in the future.

The Common Stock is quoted on the Nasdaq National Market and trades under the symbol "CEXP."

#### NONVOTING COMMON STOCK

Corporate Express, J.P. Morgan Securities, Inc. ("J.P. Morgan") and certain other designated shareholders are parties to Recapitalization Agreements dated as of December 3, 1991 and August 29, 1992, pursuant to which J.P. Morgan, or any transferee of J.P. Morgan, may exchange its voting shares of the Company's capital stock for nonvoting shares of the same number and class to comply with regulatory constraints. If such exchange rights are exercised, the voting shares held by J.P. Morgan, or its transferee, would be exchanged for an equal number of shares of nonvoting common stock. The rights of any holder of nonvoting common stock, if issued, would be identical to the rights of the holders of Common Stock, except that there would be no voting rights with respect to the nonvoting common stock. No shares of nonvoting common stock have been issued.

#### PREFERRED STOCK

None of the Company's authorized Preferred Stock is issued or outstanding. The Board of Directors is authorized to divide the Preferred Stock into one or more series and to determine the preferences and rights and the qualifications, limitations or restrictions thereof, including any dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund provisions, the number of shares constituting the series and the designation of such series. The Board of Directors may, without shareholder approval, issue Preferred Stock with voting and other rights that could adversely affect the voting power of the holders of Common Stock and could have certain anti-takeover effects. The Company has no present plans to issue any shares of Preferred Stock.

#### REGISTRATION RIGHTS OF CERTAIN HOLDERS

The holders of certain shares of Common Stock (the "Registrable Securities"), or their transferees, are entitled to certain rights with respect to the registration under the Securities Act of their shares. These



rights are provided under the terms of agreements between the Company and the holders of Registrable Securities. Whenever the Company proposes to register any shares of Common Stock, it is required to give notice to the holders of Registrable Securities and to include their shares of Common Stock in the registration statement ("Piggyback Registration Rights"). A holder's Piggyback Registration Rights are subject to certain conditions, including the ability of the underwriters for a public offering to limit the number of shares included in the offering or to exclude certain Registrable Securities from the offering. Subject to certain limitations in the agreements, the holders of certain Registrable Securities are also entitled, on no more than two occasions (three occasions, in limited circumstances), to require that the Company use its reasonable best efforts to file a registration statement under the Securities Act, at Company expense, covering the registration of the Registrable Securities. All registration expenses, other than the fees of the holder's own counsel and any transfer taxes and underwriting discounts and commissions, incurred in connection with a registration of the Registrable Securities required by the holder shall be borne by the Company. The Company will indemnify the holder against all claims resulting from any untrue statement of a material fact or material omission made in connection with any registration statement covering the Registrable Securities.

#### INFORMATION RIGHTS

Corporate Express is obligated to provide certain holders of Common Stock and warrants exercisable for Common Stock, with copies of all proxy statements, registration statements, publicly filed notifications, information provided to security holders of the Company or the financial community generally, and a detailed budget for each fiscal year.

#### LIMITATIONS ON DIRECTORS' LIABILITIES AND INDEMNIFICATION

As permitted by the Colorado Business Corporation Act, the Company's Articles of Amendment and Restatement and By-Laws provide that no director or officer will be liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director or officer, except for liability (i) for any breach of the director's or officer's duty of loyalty to the Company or its shareholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock redemptions or repurchases, and (iv) for any transaction from which the director or officer derives an improper personal benefit. The effect of this provision is to eliminate the rights of the Company and its shareholders to recover monetary damages against a director or officer for breach of the fiduciary duty of care as a director or officer (including breaches resulting from negligent or grossly negligent behavior), except in the situations described in clauses (i), (ii), (iii) and (iv) above. This provision does not limit or eliminate the rights of the Company or any shareholder to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's or officer's duty of care. The Company's Articles of Amendment and Restatement and By-Laws also provide that the Company shall, to the fullest extent permitted by law, indemnify and advance expenses to each of its currently acting and former directors and officers and may indemnify and advance expenses to each of its currently acting and former employees and agents. The Company has entered into agreements to provide indemnification for its directors and certain officers consistent with the Company's Articles of Amendment and Restatement and By-Laws and has obtained director's and officer's liability insurance.

#### SELLING SECURITYHOLDERS

The Offered Notes were originally issued by the Company in transactions exempt from the registration requirements of the Securities Act to persons believed by the Managers to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) or institutional accredited investors or to persons in off-shore transactions in reliance upon Regulation S under the Securities Act. The Selling Securityholders (which term includes their

transferees, pledgees, donees and their successors) may from time to time offer and sell pursuant to this Prospectus any or all of the Offered Notes and the shares of Common Stock initially issued or issuable upon conversion of the Offered Notes (the "Conversion Shares").

The following table sets forth information, with respect to the Selling Securityholders and the respective principal amount of Notes beneficially owned by each such Selling Securityholder and that may be sold, and the number of Conversion Shares that may be sold, by the Selling Securityholders pursuant to this Prospectus. None of the Selling Securityholders has, or within the past three years has had, any position, office or other material relationship with the Company or any of its predecessors or affiliates. Because the Selling Securityholders may offer all or a portion of the Offered Notes and the Conversion Shares pursuant to this Prospectus, no estimate can be given as to the amount of Offered Notes or the Conversion Shares that will be held by the Selling Securityholders upon termination of any such sale. The following table is based upon information furnished to the Company by The Depository Trust Company, New York, New York and the Selling Securityholders.

<TABLE>  
<CAPTION>

NAME (1) -----	PRINCIPAL AMOUNT OF NOTES BENEFICIALLY OWNED AND THAT MAY BE SOLD		PERCENT OF OUTSTANDING NOTES	NUMBER OF CONVERSION SHARES THAT MAY BE SOLD (2) -----
	<C>	<C>	<C>	<C>
<S>	<C>	<C>	<C>	<C>
Alex. Brown & Sons Incorporated (3).....	\$ 2,475,000	*		49,500
Bear Stearns Securities Corp. ....	3,775,000	1.2%		75,500
Boston College Endowment.....	230,000	*		4,600
Caisse Centrale des Banques Populaires...	330,000	*		6,600
CFW-C, L.P. ....	6,000,000	1.8		120,000
Chamberlin Investments Ltd. 2.....	275,000	*		5,500
Citizens Security Life Insurance Company.....	750,000	*		15,000
Fidelity Financial Trust: Fidelity Convertible Securities Fund (4).....	6,000,000	1.8		120,000
Fidelity Management Trust Company, on behalf of accounts maintained by it (5).....	3,000,000	*		60,000
Fleet Maritime Inc. (Catalyst).....	236,000	*		4,720
Fleet Maritime Ltd. L.P. ....	548,000	*		10,960
General Conference Corporation of Seventh Day Adventists.....	250,000	*		5,000
GMG/Seneca Opportunity Catalyst.....	269,000	*		5,380
GMG/Bitterroot L.P. ....	1,800,000	*		36,000
J.P. Morgan Securities Inc. (3).....	7,590,000	2.3		151,800
Jack Schwensen Revocable Trust (6).....	10,000	*		200
Kellner, DiLeo & Co. ....	3,500,000	1.1		70,000
McMahan Securities Co. L.P. ....	190,000	*		3,800
Museum of Fine Art, Boston.....	100,000	*		2,000
New Hampshire State Retirement System....	610,000	*		12,200
Nomura Securities (Bermuda) Ltd. ....	7,500	*		150
Odyssey Partners, L.P. ....	1,000,000	*		20,000
Oppenheimer Main Street Funds, Inc. for the Account of Oppenheimer Main Street Income & Growth Fund.....	19,000,000	5.8		380,000
Oppenheimer Variable Account Funds for the Account of Oppenheimer Growth & Income Fund.....	250,000	*		5,000
Pacific Mutual Life Insurance Co. ....	500,000	*		10,000
Paloma Securities L.L.C. ....	11,500,000	3.5		230,000
Promutual.....	510,000	*		10,200

</TABLE>

<TABLE>  
<CAPTION>

NAME (1)	PRINCIPAL AMOUNT OF NOTES BENEFICIALLY OWNED AND THAT MAY BE SOLD	PERCENT OF OUTSTANDING NOTES	NUMBER OF CONVERSION SHARES THAT MAY BE SOLD (2)
<S>	<C>	<C>	<C>
Putnam Balanced Retirement Fund.....	\$ 250,000	*	5,000
Putnam Convertible Income-Growth Trust....	4,850,000	1.5%	97,000
Putnam Convertible Opportunities and Income Trust.....	460,000	*	9,200
Robertson, Stephens & Co. Inc., L.L.P. ...	390,000	*	7,800
Security Trend Partners.....	750,000	*	15,000
Stein Roe Capital Opportunities Fund.....	9,000,000	2.8	180,000
T. Rowe Price Equity Income Fund.....	30,000,000	9.2	600,000
T. Rowe Price Dividend Growth Fund.....	2,200,000	*	44,000
The Catalyst Fund, L.P. ....	622,000	*	12,440
The TCW Group, Inc. (8).....	40,085,000	12.3	801,700
Verdant Investors Group Ltd. ....	600,000	*	12,000
All other Holders.....	165,087,500	50.8	3,301,750

</TABLE>

\* Less than 1%.

- (1) The information set forth herein is as of December 16, 1996 and will be updated as required. Certain of the holders share investment power with their respective investment advisors.
- (2) Assumes conversion of the full amount of Notes held by such holder at the initial rate of \$50.00 in principal amount of Notes per share of Common Stock.
- (3) Alex. Brown & Sons Incorporated and J.P. Morgan & Co. served as Managers for the private placement of the Notes and served as underwriters in prior public offerings of the Company's securities.
- (4) Fidelity Financial Trust: Fidelity Convertible Securities Fund ("FFT") is either an investment company or a portfolio of an investment company registered under Section 8 of the Investment Company Act of 1940, as amended, or a private investment account advised by Fidelity Management & Research Company ("FMR Co."). FMR Co. is a Massachusetts corporation and an investment advisor registered under Section 203 of the Investment Advisers Act of 1940, as amended, and provides investment advisory services to FFT and to other registered investment companies and to certain other funds which are generally offered to a limited group of investors. FMR Co. is a wholly-owned subsidiary of FMR Corp. ("FMR"), a Massachusetts corporation.
- (5) Shares indicated as owned by Fidelity Management Trust Company ("FMTC") are owned directly by various private investment accounts, primarily employee benefit plans for which FMTC serves as trustee or managing agent. FMTC is a wholly-owned subsidiary of FMR and a bank as defined in Section 3(a)(6) of the Exchange Act.
- (6) Shares investment and voting power with Roslyn Schwersenz.
- (7) The Notes are owned by The TCW Group, Inc. on behalf of the following entities: (a) TCW Convertible Value Fund - \$2,805,000; (b) State of Michigan Employees Convertible Fund - \$3,540,000; (c) TCW Convertible Securities Fund - \$7,690,000; (d) Cincinnati Bell Telephone Convertible Value Fund - \$1,525,000; (e) Massachusetts Mutual Life Insurance Company - \$1,140,000; (f) North Dakota State Workers Compensation Fund - \$2,070,000; (g) TCW/DW Income & Growth Fund - \$885,000; (h) Medical Malpractice Insurance Association - \$320,000; (i) TCW Convertible Strategy Fund - \$2,325,000; (j) North Dakota State Land Dept. - \$775,000; (k) Boeing Employees Retirement Fund - \$12,175,000; (l) Boeing Employees Retirement Fund C - \$4,060,000; and (m) TCW Convertible L.P. - \$775,000.

Information concerning the Selling Securityholders may change from time to time and will be set forth in supplements to this Prospectus. In addition, the per share conversion price, and therefore the number of shares of Common

Stock, are subject to adjustment under certain circumstances. Accordingly, the number of shares of Common Stock offered hereby may increase or decrease. As of the date of this Prospectus, the aggregate principal amount of Offered Notes is \$325,000,000 and the number of shares of Common Stock into which the Offered Notes may be converted is 6,500,000 shares.

It is not possible to predict the principal amount of Offered Notes or the number of shares of Common Stock that will be sold hereby. Consequently, it is not possible to predict the amount of Offered Notes or the number of shares of Common Stock that will be owned by the Selling Securityholders following completion of this offering.

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#### PLAN OF DISTRIBUTION

The Company will not receive any of the proceeds of the sale of the Securities offered hereby. The Securities may be sold from time to time to purchasers directly by the Selling Securityholders. Alternatively, the Selling Securityholders may from time to time offer the Securities through underwriters, brokers, dealers or agents who may receive compensation in the form of underwriting discounts, concessions or commissions from the Selling Securityholders and/or the purchasers of the Securities for whom they may act as agent. The Selling Securityholders and any such underwriters, brokers, dealers or agents who participate in the distribution of the Securities may be deemed to be "underwriters", and any profits on the sale of the Securities by them and any discounts, commissions or concessions received by any such underwriters, brokers, dealers or agents might be deemed to be underwriting discounts and commissions under the Securities Act. To the extent the Selling Securityholders may be deemed to be underwriters, the Selling Securityholders may be subject to certain statutory liabilities of the Securities Act, including, but not limited to, Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Exchange Act.

The Securities offered hereby may be sold from time to time in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale or at negotiated prices. The Securities may be sold by one or more of the following methods, without limitation: (i) a block trade in which the broker or dealer so engaged will attempt to sell the Securities as agent but may position and resell a portion of the block as principal to facilitate the transaction; (ii) purchases by a broker or dealer as principal and resale by such broker or dealer for its account pursuant to this Prospectus; (iii) ordinary brokerage transactions and transactions in which the broker solicits purchasers; (iv) an exchange distribution in accordance with the rules of such exchange; (v) face-to-face transactions between sellers and purchasers without a broker-dealer; (vi) through the writing of options; (vii) to underwriters who will acquire the Securities for their own account and resell them in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale (any public offering price and any discounts or concessions allowed or reallocated or paid to dealers may change from time to time); and (viii) other. At any time a particular offer of the Securities is made, a revised Prospectus or Prospectus Supplement, if required, will be distributed which will set forth the aggregate amount and type of Securities being offered and the terms of the offering, including the name or names of any underwriters, brokers, dealers or agents, any discounts, commissions and other items constituting compensation from the Selling Securityholders, the purchase price paid by any underwriter for Securities purchased from the Selling Securityholders, any discounts, commissions or other items constituting compensation from the Selling Securityholders and any discounts, commissions or concessions allowed or reallocated or paid to dealers. Such revised Prospectus or Prospectus Supplement and, if necessary, a post-effective amendment to the registration statement of which this Prospectus is a part, will be filed with the Commission to reflect the disclosure of additional information with respect to the distribution of the Securities. In addition, the Securities covered by this Prospectus may be sold in private transactions or under Rule 144 rather than pursuant to this Prospectus.

There is no assurance that any Selling Securityholder will sell any or all of the Securities offered by it hereunder or that any such Selling Securityholder will not transfer, devise or gift such Securities by other means not described herein. Underwriters participating in any offering made pursuant to this Prospectus (as amended or supplemented from time to time) may receive underwriting discounts and commissions, and discounts or concessions may be allowed or reallocated or paid to dealers, and brokers or agents participating in such transaction may receive brokerage or agent's commissions or fees.

The Selling Securityholders and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, Rules 10b-6 and 10b-7, which may limit the timing of purchases and sales of any of the Securities by the Selling Securityholders and any other such person. Furthermore, under Rule 10b-6 under the Exchange Act, any person engaged in the distribution of the Securities may not simultaneously engage in market-making activities with respect to the particular Securities being distributed for a period of nine business days prior to the commencement of such distribution. All of the foregoing may affect the marketability of the Securities and the ability of any person or entity to engage in market-making activities with respect to the Securities.

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In order to comply with the securities laws of certain states, if applicable, the Securities will be sold in such jurisdictions, if required, only through registered or licensed brokers or dealers.

Pursuant to the Registration Rights Agreement entered into in connection with the offer and sale of the Notes by the Company, each of the Company and the Selling Securityholders will be indemnified by the other against certain liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection therewith.

The Company has agreed to pay substantially all of the expenses incidental to the registration, offering and sale of the Securities to the public other than commissions, fees and discounts of underwriters, brokers, dealers and agents.

#### LEGAL MATTERS

The validity of the Securities offered hereby will be passed upon for the Company by Ballard Spahr Andrews & Ingersoll, Philadelphia, Pennsylvania and Denver, Colorado.

#### EXPERTS

The consolidated financial statements and financial statement schedule of Corporate Express, Inc. as of March 2, 1996 and February 25, 1995 and for the years ended March 2, 1996, February 25, 1995 and February 28, 1994 included in the report on Form 10-K of the Company for the fiscal year ended March 2, 1996 have been audited by Coopers & Lybrand L.L.P., independent accountants, as set forth in its report dated June 11, 1996. In its report, that firm states that with respect to Corporate Express of the East, Inc. (formerly Corporate Express of Delaware, Inc.) and subsidiaries, its opinion is based on the report of Arthur Andersen LLP, independent public accountants. The financial statements and financial statement schedule referred to above have been incorporated herein by reference in reliance upon the authority of those firms as experts in accounting and auditing.

The financial statements of Check Office Equipment Company as of February 29, 1996 and for the year ended February 29, 1996 incorporated herein by reference have been so included in reliance on the report dated August 30, 1996 of Coopers & Lybrand L.L.P., independent accountants, given on the authority of such firm as experts in auditing and accounting.

The financial statements of Forms and Supplies Inc. as of December 31, 1995

and for the year ended December 31, 1995 incorporated herein by reference have been so included in reliance on the report dated February 21, 1996 of Horne CPA Group, independent accountants, given on the authority of such firm as experts in auditing and accounting.

The financial statements of Virginia Impression Products Co., Inc. as of December 31, 1995 and 1994 and for the years ended December 31, 1995 and 1994 incorporated herein by reference have been so included in reliance on the report dated March 4, 1996 of Schutrumpf & Koren, P.C., independent accountants, given on the authority of such firm as experts in auditing and accounting.

The financial statements of Dock Truck Express Inc., Pronto Delivery Service, Inc., and RUSHTRUCKING, Inc., incorporated by reference in this Form S-3 registration statement have been audited by Arthur Anderson LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

The financial statements of Miller Stationers Ltd. as of January 31, 1996 and for the year ended January 31, 1996 incorporated herein by reference have been so included in reliance on the report dated April 4, 1996 of KPMG, chartered accountants, given on the authority of such firm as experts in auditing and accounting.

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The financial statements of Enbee Company as of December 31, 1995 and for the year ended December 31, 1995 incorporated herein by reference have been so included in reliance on the report dated February 26, 1996, except for Note 13 as to which the date is March 4, 1996, of McGee, Wheeler & Co., P.C., independent accountants, given on the authority of such firm as experts in auditing and accounting.

The financial statements of ASAP Software Express, Inc. as of December 31, 1995 and 1994 and for the three years ended December 31, 1995 incorporated herein by reference have been so included in reliance on the report dated February 19, 1996, except Note 9 for which the date is April 22, 1996, of Ernst & Young L.L.P., independent accountants, given on the authority of such firm as experts in auditing and accounting.

The financial statements of Boulevard Office Products Inc. as at October 31, 1995 and for the year ended October 31, 1995 incorporated herein by reference have been so included in reliance on the report dated December 5, 1995 of Samson Belair Deloitte & Touche, chartered accountants, given on the authority of such firm as experts in auditing and accounting.

The consolidated financial statements of United TransNet, Inc. as of and for the twelve days ended December 31, 1995; the combined financial statements of the Combined Founding Companies (as defined in the Form S-4) as of and for the years ended December 31, 1993 and 1994 and the period ended December 19, 1995; the consolidated financial statements of CDG Holding Corp., and its subsidiary, Courier Dispatch Group, Inc. as of and for the years ended December 31, 1993 and 1994 and the period ended December 19, 1995; the combined financial statements of Tricor America, Inc. as of and for the years ended December 31, 1993 and 1994 and the period ended December 19, 1995; the consolidated financial statements of Film Transit, Incorporated and its subsidiary as of and for the years ended December 31, 1993 and 1994 and the period ended December 19, 1995; the combined financial statements of Lanter Courier Corporation as of and for the years ended December 31, 1993 and 1994 and for the period ended December 19, 1995; the consolidated financial statements of Salmon Acquisition Corporation and its subsidiary as of and for the years ended December 31, 1993 and 1994 and for the period ended December 19, 1995; and the consolidated financial statements of 3D Distribution Systems, Inc. and its subsidiaries for the year ended October 31, 1993, the two months ended December 31, 1993, the year ended December 31, 1994 and for the period ended December 19, 1995 incorporated by reference in this Prospectus by reference to the Form S-4 have been so incorporated in reliance

on the reports of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Eddy Messenger Services, Inc. as of December 31, 1995, and for the year then ended, included in the Form S-4, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such financial statements are incorporated by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THE OFFERINGS MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY SELLING SECURITYHOLDER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY TO ANY PERSON OR BY ANYONE IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

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[LOGO OF CORPORATE EXPRESS APPEARS HERE]

\$325,000,000  
4 1/2% CONVERTIBLE NOTES DUE 2000  
6,500,000 SHARES OF COMMON STOCK

DECEMBER 26, 1996

